融信中國控股有限公司
RONSHINE CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 3301

2022 ANNUAL REPORT

MARCH FORWARD WITH FAITH, PERSISTENCE AND PRUDENCE

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ou Zonghong
(Chairman and Chief Executive Officer)
Ms. Yu Lijuan
Ms. Zeng Feiyan
Mr. Wu Jianxing (appointed on 15 August 2022)
Mr. Ruan Youzhi (resigned on 15 August 2022)
Mr. Zhang Lixin *(Chief Financial Officer)*

Non-executive Director

Mr. Li Shupei (appointed on 4 November 2022)
Ms. Chen Shucui (resigned on 4 November 2022)

Independent Non-executive Directors

Mr. Ren Yunan
Mr. He Jiarong (appointed on 15 August 2022)
Mr. Qu Wenzhou (resigned on 22 July 2022)
Mr. Ruan Weifeng

AUDIT COMMITTEE

Mr. He Jiarong *(Chairman)*
Mr. Ren Yunan
Mr. Ruan Weifeng

REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*
Mr. Ou Zonghong
Mr. He Jiarong

NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*
Mr. He Jiarong
Mr. Ruan Weifeng

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants and Registered Public Interest Entity Auditor
10/F., 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

Corporate Information

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Tower 2, Ronshine Sunkwan Center
Lane 77, Shangkun Road
Minhang District, Shanghai
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1210, 12/F
ICBC Tower
3 Garden Road
Central
Hong Kong

JOINT COMPANY SECRETARIES

Mr. Yu Zuoyi
Ms. Lee Angel Pui Shan *(HKACG, ACG)*

AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong
Ms. Lee Angel Pui Shan

PRINCIPAL BANKERS

Bank of China Limited

Agricultural Bank of China Limited

Industrial and Commercial Bank of China Limited

WEBSITE

www.rongxingroup.com

STOCK CODE

HKEx: 3301

BONDS

US$688,000,000 8.75% Senior Notes due 2022
Common Code: 197676078
ISIN: XS1976760782

US$413,000,000 8.95% Senior Notes due 2023
Common Code: 203146973
ISIN: XS2031469732

US$316,000,000 8.10% Senior Notes due 2023
Common Code: 209094916
ISIN: XS2090949160

US$410,000,000 7.35% Senior Notes due 2023
Common Code: 218930387
ISIN: XS2189303873

US$166,000,000 6.75% Senior Notes due 2024
Common Code: 221151488
ISIN: XS2211514885

US$244,900,000 7.1% Senior Notes due 2025
Common Code: 229030884
ISIN: XS2290308845

* The English translation of the Chinese names in this annual report where indicated is included for information only.

MAJOR HONOURS AND AWARDS

Corporate Brand:

1. “Top 21 China Real Estate Development Enterprises of 2022 in Comprehensive Capability (2022中國房地產開發企業綜合實力21強)”& “No. 3 China Real Estate Development Enterprises of 2022 in Comprehensive Development (2022中國房地產開發企業綜合發展第3名)”, issued by the China Real Estate Association in March 2022

2. “21st Century Excellent Golden-Brick Cases of Real Estate Competitiveness in 2022” issued by the 21st Century Business Herald & the BOAO 21st Century Real Estate Forum in March 2022

3. “34th Among Top 100 China Real Estate Developers of 2022 in Product Strength”, issued by CRIC in December 2022

4. “China’s Innovative Real Estate Developers in 2022” issued by Leju Finance in August 2022

5. The Sixth Golden HK Stocks “Best ESG” Award issued by Zhitong Caijing in January 2022

Major Honours and Awards

Star Project:

1. Suzhou The Art of Minimalist (蘇州大境風華), being granted with the "2021 IDA Design Award" by IDA in January 2022

2. Chengdu Century Manyun (成都世紀縵雲), being granted with the "2022 IDA Design Award" by IDA in January 2023

3. Fuzhou Residence (福州國公館), being granted with the "2022 Award for the Most Treasured Urban Cultural Mansion" by the Fujian Real Estate Association in May 2022

4. Fuzhou China Trend (福州海納新潮), being granted with the "2022 Fujian Premium House with Craftsman Quality" by Leju Finance in September 2022

5. Hangzhou Rivers Mansion (杭州江河盛會), being granted with the "Platinum Award of the 2022 TITAN Property Award" by the International Awards Association (IAA) in April 2022

6. Shanghai Four Seasons (上海海月四季), being granted with the "2021 IDA Design Award" by IDA in January 2022

CHAIRMAN'S STATEMENT

Nanjing Qinglan (南京青瀾)

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of Ronshine China Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present the annual results of the Group for the year ended 31 December 2022 (the "**Year**").

Market Review

In 2022, China suffered a relapse of COVID-19 pandemic (the "**Pandemic**"). After steady growth in the first quarter, the economic activities slowed down in the second quarter due to impact of the Pandemic. Thanks to the favorable signals released on the policy side as well as the optimization of the Pandemic prevention and control measures since the third quarter, China accelerated its pace in gross economic output recovery, demonstrating a strong resilience of the Chinese economy. China's gross domestic product ("**GDP**") grew by 3.0% year-on-year, indicating positive results in its efficient and coordinated Pandemic prevention and control efforts as well as economic and social development, which helped to stabilize the macro economy, with gross economic output growing continuously and the quality of development steadily improving.

During the Year, in order to boost market confidence, local governments vigorously implemented city-specific policies to stimulate the demand in real estate market, such as lowering down payment ratio and mortgage interest rate, and canceling purchase restriction. In addition, they introduced various measures to facilitate the resumption of work, guarantee delivery of real estate development projects, and ensure people's livelihood. Meanwhile, various measures have been taken to mitigate the risk exposure of those high-quality real estate enterprises in financing, including bank financing,

Tianjin Lanyue (天津瀾悅)

bond issuance and equity financing, collectively known as the "Three Arrows". According to the National Bureau of Statistics, China achieved annual sales of commercial properties amounting to RMB13,330.8 billion in 2022, representing a year-on-year decrease of 26.7%, with a total GFA of 1,358.37 million sq.m., representing a year-on-year decrease of 24.3%.

Business Review

Under the circumstances that cities were affected by the Pandemic and the real estate market was going down in 2022, the Group maintained its focus on Yangtze River Delta and the West Coast of the Taiwan Straits so as to consolidate its advantages of strategic regional layout, while striving to strengthen its operations and management to ensure successful project development and delivery in all aspects. During the Year, the Group recorded annual contracted sales of approximately RMB57.9 billion, with a total contracted GFA of approximately 2.51 million sq.m. and an average selling price of approximately RMB23,061 per sq.m. During the Year, the Group launched a number of projects and earned itself a good reputation in the market for its outstanding products and services.

In respect of land reserves, the Group adhered to the principle of steady development, mainly focusing on first- and second-tier cities. As at 31 December 2022, the Group had a total of 242 projects nationwide with a total land reserve of approximately 24.92 million sq.m.. Among them, the first- and second-tier cities accounted for 83%. The Company believes that the excellent land reserve structure would provide a solid foundation for the development of the Company. Meanwhile, the Group will continue to deepen the cultivation of high-quality projects in the existing core cities, commit to improving operational efficiency and create synergies, so as to enhance its brand influence.

Chairman's Statement

During the Year, the risks in real estate-related debts were particularly prominent, which imposed great difficulties on the operation of real estate enterprises. In such a challenging situation, the Group adhered to its prudent development strategy, reduced its financial leverage in an orderly manner, and properly managed its cash flow. As at 31 December 2022, the Group's interest-bearing liabilities amounted to approximately RMB42.4 billion. The Group took proactive steps in debt management and actively repaid its debts, e.g. repurchasing a number of senior notes in the secondary market in addition to repaying a number of maturing domestic and offshore public bonds on time. Meanwhile, the Group focused on transparency management and actively maintained communication with the market through voluntary announcements, investor relations activities, etc. In addition, the Group adopted a number of measures to ensure stable operation and enhance liquidity, including but not limited to enhancing its sales and cash collection efforts, diversifying financing channels, reasonably reducing operating costs, negotiating for the extensions of some existing debts, and disposing of certain assets, etc.

In spite of all the challenges in the industry, the Group strove to maintain the quality of its products and services and received wide-spread acknowledgement in the industry. During the Year, the Group won a number of prestigious awards, including "Top 21 China Real Estate Development Enterprises of 2022 in Comprehensive Capability (2022中國房地產開發企業綜合實力21強)", "No.3 China Real Estate Development Enterprises of 2022 in Comprehensive Development (2022房地產開發企業綜合發展第3名)", and "34th Among Top 100 China Real Estate Developers of 2022 in Product Strength (2022年中國房地產企業產品力TOP 100第34名)", highlighting the recognition of its brilliant performance by the industry and the market. In addition, the Group's premium projects won several design awards during the Year. For instance, Hangzhou Rivers Mansion (杭州江河盛會) won the "Platinum Award of the 2022 TITAN Property Award"; Fuzhou Residence (福州國公館) won the "2022 Award for the Most Treasured Urban Cultural Mansion"; and Chengdu Century Manyun (成都世紀縵雲) won the "2022 IDA Design Award", attracting considerable attention from the industry both at home and abroad.

The Group is committed to all-around development in environment, society and governance (ESG) in addition to deep cultivation in key cities, and actively fulfills its social responsibility. During the Year, given the repeated outbreaks of the Pandemic, the Ronshine Public Welfare Foundation actively provided daily necessities and anti-pandemic materials to the affected areas in addition to organizing public welfare activities such as free haircuts and welfare farming actions. Besides, the Group upheld its commitment by simplifying the delivery process through the one-stop window and arranging for inspectors to accompany the customers throughout the inspection and acceptance process so as to enhance customers' experience. During the Year, the Group was awarded the "Best ESG Award" by Zhitong Caijing in recognition of its persistent efforts in fulfilling its social responsibilities.

Prospects

In 2023, China officially entered the post-Pandemic era, and benefiting from the monetary easing and stimulative policies promulgated, its economy is expected to recover moderately. However, as the international situation remains complex and volatile, many countries around the world are facing increasing risk of economic recession amidst widespread global interest rate hikes. In addition, geopolitical conflicts will pose certain risks to the development of the global economy. In respect of the real estate market, it is expected that, with the principle of "housing is for living, not for speculation" and the policy keynote of keeping land costs, housing prices and market expectations stable, local governments will continue to introduce various policies and measures to support real estate development, with the aim of achieving virtuous circle and healthy development of the industry.

Looking forward, the Group will continue to deepen its layout in Yangtze River Delta, the West Coast of the Taiwan Straits and other regions, strengthen its advantages in in-depth layout, actively respond to market opportunities and challenges with its persistence in enhancing the quality of products and services, and make unremitting efforts to improve customers' living environment and create happy lives.

Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude to the shareholders of the Company (the "**Shareholders**"), as well as our customers and partners for their long-term support to and trust in Ronshine. I would also like to express my heartfelt gratitude to the Directors, management team and all employees for their hard work and dedication over the past year. In 2023, the Group will continue to adhere to its vision of "becoming a leading, high-quality property developer and service provider offering an ideal lifestyle", and meanwhile, with dedication and innovation, construct the framework for the future city and create greater value for our Shareholders and investors.

Ou Zonghong
Chairman

Hong Kong, 31 March 2023

SUMMARY OF PRINCIPAL PROPERTIES

The tables below set forth the details of the property development projects of the Group as at 31 December 2022.

PROJECTS DEVELOPED BY THE GROUP

As at 31 December 2022, the subsidiaries, joint ventures and associates of the Group engaged in a total of 242 property development projects.

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
1	Fuzhou Hot Spring City (福州融信溫泉城)	Fuzhou	1,018,836.00	50.00%	Residential	1,674,327.62	1,093,106.33	1/12/2020
2	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城－德藍－1)	Zhengzhou	196,121.00	100.00%	Residential	576,552.70	576,552.70	1/4/2026
3	Taiyuan Shi Guang Zhi Cheng-3 (太原時光之城-3)	Taiyuan	93,262.21	80.08%	Residential	409,319.16	409,319.16	1/8/2022
4	Taiyuan Shi Guang Zhi Cheng (太原時光之城)	Taiyuan	117,073.23	80.08%	Residential	553,989.00	397,249.37	1/8/2022
5	Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	Taiyuan	120,299.06	80.08%	Residential	478,356.06	384,224.35	1/8/2022
6	Zhengzhou Olympic Century-2 (鄭州奧體世紀－2)	Zhengzhou	102,755.00	50.37%	Residential	508,336.25	367,148.73	1/8/2021
7	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城－蘇派－1)	Zhengzhou	236,878.59	100.00%	Residential	472,656.50	344,918.69	18/8/2020
8	Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)	Zhengzhou	199,774.58	51.00%	Residential	781,537.88	342,818.23	1/11/2020
9	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城－中喬－1)	Zhengzhou	302,571.59	100.00%	Residential	469,891.19	341,563.29	1/10/2021
10	The Ocean Costal (青島海月星灣)	Qingdao	100,705.00	51.00%	Residential	422,216.85	317,712.24	1/5/2021
11	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城－德藍－2)	Zhengzhou	97,429.72	100.00%	Residential	306,505.59	306,505.59	1/4/2026
12	Zhengzhou Olympic Century-3 (鄭州奧體世紀－3)	Zhengzhou	61,392.03	52.21%	Residential	303,140.84	303,140.84	13/8/2025
13	Weinan Wenjuetai (渭南文闕臺)	Lanzhou	58,181.00	19.25%	Residential	301,968.75	301,968.75	1/8/2024
14	Zhengzhou City of Times - 2 (鄭州時光之城－2)	Zhengzhou	111,531.88	51.00%	Residential	307,668.52	300,191.98	1/5/2024
15	Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	Fuzhou	259,519.00	100.00%	Residential	1,102,802.59	268,855.23	31/12/2020
16	Nanjing Boan Center (南京鉑岸中心)	Nanjing	42,707.52	100.00%	Residential	351,699.72	236,556.94	1/11/2020
17	South Shaoxing Dongguang Lot (紹興城南東光地塊)	Shaoxing	152,834.00	12.18%	Residential	391,175.28	235,420.91	1/3/2023

SUMMARY OF PRINCIPAL PROPERTIES

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
18	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	Fuzhou	123,228.00	100.00%	Residential	383,010.00	224,819.83	1/8/2022
19	Fuzhou Residence (福州國公館)	Fuzhou	143,367.00	100.00%	Residential	232,480.75	211,107.75	1/4/2023
20	Lanzhou Lelan·Shiguangyin (蘭州樂瀾·時光印)	Weinan	89,743.26	39.00%	Residential	206,931.00	200,641.68	1/10/2024
21	Lanzhou Park Academy (蘭州公園學府)	Lanzhou	88,946.00	32.73%	Residential	314,326.54	198,663.22	1/10/2022
22	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	Zhengzhou	64,876.00	100.00%	Residential	252,987.87	194,675.23	2021/11/31
23	Changle Lanshan (長樂瀾山)	Fuzhou	125,737.00	34.00%	Residential	317,109.48	191,133.27	1/12/2021
24	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	Xian	57,704.96	30.00%	Residential	186,444.00	184,080.81	1/6/2023
25	Fuyang Yingzhou Project (阜陽潁州項目)	Fuyang	147,590.00	55.00%	Residential	329,589.60	172,493.57	1/12/2022
26	Nantong Chongzhou Yanlin Road Plot (南通崇州園林路地塊)	Nantong	52,712.00	40.00%	Residential	172,992.10	169,612.41	1/5/2024
27	Huzhou Xifengyang Project (湖州西鳳漾項目)	Huzhou	76,061.00	100.00%	Residential	180,359.21	164,624.36	1/7/2023
28	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城－蘇派－2)	Zhengzhou	110,754.43	100.00%	Residential	329,775.42	160,542.73	1/8/2020
29	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	Xian	77,018.38	30.00%	Residential	243,363.00	159,046.90	1/5/2023
30	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	Huzhou	75,018.00	80.00%	Residential	175,378.11	153,112.53	1/4/2023
31	Suzhou Huangqiao Project (蘇州黃橋項目)	Suzhou	60,292.00	40.00%	Residential	180,666.00	152,887.21	1/10/2023
32	Fuzhou Nice Villa (福州有墅)	Fuzhou	161,008.40	25.50%	Residential	258,248.00	145,562.93	30/6/2020
33	Xuzhou Xinyi Project (徐州新沂項目)	Xuzhou	61,481.00	100.00%	Residential	138,020.31	136,432.31	1/10/2023
34	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	Hangzhou	105,869.00	34.00%	Residential	401,643.12	126,491.04	1/6/2023
35	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	Suzhou	56,566.40	45.00%	Residential	167,260.08	124,679.96	1/5/2023
36	Suzhou Science City Project (蘇州科技城項目)	Suzhou	57,164.00	23.26%	Residential	163,750.61	115,717.62	1/12/2023
37	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	Hangzhou	45,439.00	5.00%	Residential	187,462.43	108,766.59	1/5/2024
38	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	Hangzhou	24,072.00	20.86%	Commercial	112,587.20	105,916.08	1/2/2024
39	Pingtan Lanchen (平潭瀾宸)	Fuzhou	66,431.00	100.00%	Residential	184,990.73	104,246.89	1/8/2021
40	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	Shaoxing	248,819.00	100.00%	Residential	817,705.47	103,963.03	10/5/2020
41	Fuzhou Heshang Project (福州鶴上項目)	Fuzhou	41,088.00	100.00%	Residential	125,294.80	103,625.26	1/1/2023

SUMMARY OF PRINCIPAL PROPERTIES

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
42	Mengcheng South New Area plot (蒙城城南新區地塊)	Mengcheng	59,025.40	38.50%	Residential	146,327.00	102,953.81	1/12/2023
43	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	Wenzhou	42,663.00	100.00%	Residential	128,980.97	100,201.67	1/7/2023
44	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	Suzhou	118,623.10	26.00%	Residential	207,618.21	98,398.07	1/11/2021
45	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	Hangzhou	30,894.00	34.00%	Residential	106,539.05	96,582.23	1/9/2023
46	Lianyungang Urban Park East District (連雲港海納春江東區)	Lianyungang	39,085.00	100.00%	Residential	99,242.78	93,662.20	1/9/2023
47	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	Huzhou	70,277.00	50.00%	Residential	187,968.94	87,013.73	1/3/2022
48	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	Qingdao	76,170.00	15.00%	Residential	298,697.00	86,336.63	1/2/2023
49	ianjin West Coast (天津西海岸)	Tianjing	106,043.80	100.00%	Residential	182,342.39	85,778.05	1/7/2022
50	Linquan Junyue Mansion (臨泉君樾府)	Fuyang	72,055.00	32.73%	Residential	205,106.45	78,685.01	1/12/2022
51	Xingfu Li • East County (幸福里•東郡)	Fuyang	86,710.00	49.50%	Residential	395,334.66	75,556.34	30/6/2020
52	Lianyungang Mansion (連雲港學院府)	Lianyungang	72,107.00	65.00%	Residential	229,177.50	74,997.42	1/10/2022
53	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	Hangzhou	53,082.00	100.00%	Residential	196,110.84	68,494.58	1/3/2024
54	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	Chengdu	64,451.53	40.00%	Residential	203,897.46	65,241.87	1/3/2024
55	Nantong Lan Chen (南通瀾宸)	Nantong	86,194.00	100.00%	Residential	159,574.78	64,192.07	1/4/2022
56	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	Hangzhou	104,698.00	25.50%	Residential	323,030.28	61,370.04	31/5/2021
57	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	Nanjing	82,627.65	44.90%	Residential	201,690.70	59,130.95	31/3/2020
58	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	Suzhou	58,150.00	77.52%	Residential	185,930.00	58,340.56	1/6/2022
59	Putian Ronshine Yuezhu (莆田融信悅著)	Putian	31,539.00	40.00%	Residential	71,421.03	58,116.25	1/1/2023
60	Nanjing Wanke Du Hui Tian Di (南京萬科都薈天地)	Nanjing	108,521.76	7.14%	Residential	581,169.72	57,840.92	20/1/2020
61	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	Mianyang	69,709.00	50.00%	Residential	235,734.00	57,714.30	1/9/2023
62	Wenzhou Rongwang (溫州榮望)	Wenzhou	57,018.20	26.00%	Residential	203,717.00	57,418.11	1/12/2022

SUMMARY OF PRINCIPAL PROPERTIES

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
63	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	Shaoxing	56,841.00	66.67%	Residential	131,789.89	56,314.49	1/4/2022
64	Tianjin Jinnan (天津津南府)	Tianjing	68,970.00	100.00%	Residential	150,179.65	53,245.81	1/11/2022
65	Fuyang Linquan Project (阜陽臨泉項目)	Fuyang	92,155.95	27.50%	Residential	235,106.78	51,891.03	1/11/2022
66	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	Fuzhou	19,930.00	40.00%	Residential	66,423.56	50,967.63	1/11/2022
67	Fuzhou Yongtai Project (福州永泰項目)	Fuzhou	45,253.00	20.00%	Residential	126,402.00	46,724.10	1/1/2023
68	Shanghai Parallel Impression (上海海納印象)	Shanghai	52,929.90	100.00%	Residential	175,969.12	44,763.52	1/5/2023
69	Yue Zhen Mansion (樾臻府)	Hangzhou	25,998.00	24.90%	Residential	85,201.60	43,834.86	1/6/2023
70	Hangzhou Aoshi Mansion (杭州傲世邸)	Hangzhou	21,750.00	100.00%	Residential	93,152.02	41,106.80	1/10/2023
71	Suzhou Haiyue Pingjiang (蘇州海月平江)	Suzhou	26,930.70	48.08%	Residential	90,430.01	41,089.56	1/10/2021
72	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	Nanjing	54,173.00	10.00%	Residential	268,213.67	40,047.27	25/1/2021
73	Hangzhou Sandun North Project (杭州三墩北項目)	Hangzhou	27,208.00	49.00%	Residential	121,751.40	40,006.34	1/3/2023
74	Chengdu Qingyang 23 mu (成都青羊23畝)	Chengdu	15,265.00	100.00%	Residential	61,140.74	39,706.96	1/11/2022
75	Haining Lanting Qihang (海甯瀾庭啟杭)	Haining	44,887.00	100.00%	Residential	149,663.86	38,260.82	1/6/2021
76	Hai Liang • Yuchen (海亮•御宸)	Xian	27,695.33	29.57%	Residential	92,011.48	37,301.86	1/12/2022
77	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	Putian	27,083.61	40.00%	Residential	125,081.61	36,967.39	1/11/2022
78	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	Quzhou	43,329.00	45.00%	Residential	103,709.58	36,474.61	1/1/2022
79	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	Lishui	51,255.00	12.50%	Residential	165,609.00	36,096.61	1/11/2022
80	Mengcheng Junyue Mansion (蒙城君樾府)	Mengcheng	52,666.00	32.73%	Residential	132,204.00	34,567.14	1/12/2022
81	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	Wenzhou	43,630.00	28.00%	Residential	156,072.00	34,352.03	1/1/2023
82	Shanghai Century One Mile (上海世紀古美)	Shanghai	37,509.00	51.00%	Residential	122,140.16	33,785.92	1/10/2022
83	Shanghai Zhongxing Road (上海中興路)	Shanghai	31,034.10	50.00%	Residential	188,427.74	32,533.48	31/12/2021
84	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城－蘇派－3)	Zhengzhou	11,666.39	100.00%	Residential	31,262.35	30,433.32	1/8/2020
85	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	Dazhou	34,250.00	47.50%	Residential	85,661.37	29,984.81	1/10/2022

SUMMARY OF PRINCIPAL PROPERTIES

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
86	Changshu Project (常熟項目)	Suzhou	37,132.00	60.00%	Residential	97,367.29	29,944.44	1/5/2023
87	Chongqin Lan Bay (重慶瀾灣)	Chongqing	117,541.00	100.00%	Residential	332,507.30	29,015.93	31/5/2020
88	Zhangzhou No. 1 (漳州壹號府)	Zhangzhou	52,438.88	100.00%	Residential	193,925.15	28,036.60	2/3/2021
89	Chongqing Haiyue Pinghu (重慶海月平湖)	Chongqing	37,791.00	100.00%	Residential	95,045.18	26,629.15	1/3/2021
90	Qingdao Manshan Lanting (青島縵山蘭亭)	Qingdao	94,800.00	22.00%	Residential	211,105.37	26,337.98	1/9/2021
91	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城-蘇派-4)	Zhengzhou	8,659.82	100.00%	Residential	160,837.55	25,979.46	1/8/2020
92	Tianjin Lanyue 4 (天津瀾悅4號)	Tianjing	27,184.00	50.00%	Residential	71,610.68	24,062.79	1/2/2023
93	Fuzhou Lan Bay (福州瀾灣)	Fuzhou	26,312.00	100.00%	Residential	57,327.16	23,705.27	1/12/2022
94	Mengcheng Age Xingfu Li (蒙城時代幸福里)	Mengcheng	71,359.39	26.40%	Residential	180,133.00	23,368.46	1/6/2020
95	Shanghai Luomei Residential Community (上海市寶山區美羅家園大型居住社區)	Shanghai	41,076.70	30.00%	Residential	116,693.84	22,813.93	1/11/2023
96	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	Shaoxing	19,403.00	100.00%	Residential	51,471.16	22,764.84	1/8/2021
97	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	Chengdu	6,364.00	100.00%	Residential	33,717.07	22,181.74	1/10/2023
98	Haining Lanting (海寧瀾庭)	Jiaxing	52,780.00	100.00%	Residential	111,050.66	21,558.29	1/12/2020
99	Xianyou Construction and Development Cooperation Project (仙游建發合作項目)	Putian	24,035.00	19.60%	Residential	85,493.50	21,186.82	1/11/2022
100	Tongling Lanshan Fu (銅陵瀾山府)	Tongling	60,475.00	44.55%	Residential	161,075.00	20,092.46	30/6/2020
101	Nanjing 2019G94 (南京2019G94)	Nanjing	53,456.21	100.00%	Residential	99,146.42	20,015.72	1/5/2022
102	Changtai Luxi County (長泰鷺西郡)	Zhangzhou	24,000.00	100.00%	Residential	81,453.33	19,711.64	1/8/2022
103	Nanjing Qinglan (南京青瀾)	Nanjing	19,447.24	100.00%	Residential	63,615.24	18,095.48	1/11/2022
104	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	Quzhou	66,696.00	14.99%	Residential	165,475.00	17,814.85	1/3/2023
105	Chengdu Lan Sky (成都瀾天)	Chengdu	22,731.50	100.00%	Residential	82,303.63	16,305.17	1/9/2020
106	Yunhe Commercial 43 Lot (運河商業43號地塊)	Hangzhou	8,477.00	65.70%	Office	42,247.07	16,065.49	1/1/2023
107	Shanghai Yangpu Lot (上海楊浦平涼地塊)	Shanghai	16,112.30	40.40%	Commercial	82,459.07	15,842.44	1/9/2020
108	Baoding Jinyue City (保定金悅城)	Baoding	36,806.00	38.91%	Residential	130,858.84	15,375.38	1/12/2021
109	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	Wenzhou	24,251.70	34.00%	Residential	101,043.13	15,337.26	1/1/2022
110	Wenzhou Jinlin House (溫州金麟府)	Wenzhou	44,518.00	34.00%	Residential	116,896.22	15,235.66	1/6/2021
111	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	Hangzhou	53,417.00	67.00%	Residential	220,648.36	13,328.05	31/5/2021
112	Hangzhou Canal New City Project (杭州運河新城項目)	Hangzhou	30,626.00	100.00%	Residential	101,845.00	13,130.18	1/3/2023

SUMMARY OF PRINCIPAL PROPERTIES

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
113	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城-德藍-3)	Zhengzhou	5,097.42	100.00%	Residential	12,937.20	12,937.20	1/4/2026
114	Putian Ronshine (莆田融信府)	Putian	37,289.36	100.00%	Residential	125,867.40	12,694.84	17/1/2021
115	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	Hangzhou	48,543.00	100.00%	Residential	189,980.41	11,888.68	31/12/2019
116	Kunshan Yulan Residence (昆山玉蘭公館)	Suzhou	76,671.70	50.00%	Residential	280,319.55	11,688.98	30/1/2020
117	Guangzhou Tianyue (廣州天樾府)	Guangzhou	28,001.00	100.00%	Residential	154,814.20	10,616.71	23/5/2020
118~242			8,208,619.39			24,310,596.61	132,160.02	
	Total		17,317,024.26			51,303,601.27	13,514,499.62	
	Attributable total		10,250,611.27			30,166,661.96	8,625,228.92	

Note:

(1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "**Prospectus**").

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

	For the year ended 31 December		
	2022	2021	Change in percentage
Contracted sales			
Contracted sales amount *(RMB'000)*[1]	**57,872,962**	155,520,220	-62.79%
Contracted gross floor area *(sq.m.)*	**2,509,511**	7,336,614	-65.79%
Average unit price of contracted sales *(RMB/sq.m.)*	**23,061**	21,198	8.79%
Property delivered			
Revenue from delivery of properties *(RMB'000)*	**28,640,290**	31,703,628	-9.66%
Delivered gross floor area *(sq.m.)*	**1,312,231**	2,284,714	-42.56%
Recognised average selling price of properties delivered *(RMB/sq.m.)*	**23,236**	13,876	67.45%
Revenue *(RMB'000)*	**30,059,292**	33,284,014	-9.69%
Cost of Sales *(RMB'000)*	**36,178,859**	29,655,776	22.00%
Gross (loss)/profit *(RMB'000)*	**(6,119,567)**	3,628,238	-268.66%
Other income and other (loss)/gain – net *(RMB'000)*	**(987,103)**	1,157,592	-185.27%
(Loss)/profit before income tax *(RMB'000)*	**(11,912,118)**	2,472,599	-581.77%
(Loss)/profit for the year *(RMB'000)*	**(12,439,950)**	1,726,731	-820.43%
— attributable to owners of the Company *(RMB'000)*	**(11,234,836)**	1,295,048	-967.52%
— attributable to non-controlling interests *(RMB'000)*	**(1,205,114)**	431,683	-379.17%
— attributable to holders of Perpetual Capital Instruments *(RMB'000)*	**–**	–	–
Gross (loss)/profit margin[2]	**(20.36)%**	10.90%	-286.79%
Net (loss)/profit margin[3]	**(41.38)%**	5.19%	-897.72%
Total assets *(RMB'000)*	**189,232,352**	245,439,839	-13.45%
Total liabilities *(RMB'000)*	**158,597,833**	193,158,889	-10.37%
Total equity *(RMB'000)*	**30,634,519**	52,280,950	-41.40%
Capital and reserve attributable to owners of the Company *(RMB'000)*	**6,186,962**	18,304,598	-66.20%
Current ratio[4]	**1.25 times**	1.39 times	-9.55%
Gearing ratio[5]	**1.07**	0.66	61.50%

Notes:

(1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.

(2) The calculation of gross loss margin is based on gross loss divided by revenue and multiplied by 100%; and the calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.

(3) The calculation of net loss margin is based on net loss divided by revenue and multiplied by 100%; and the calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.

(4) The calculation of current ratio is based on current assets divided by current liabilities.

(5) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

PROPERTY DEVELOPMENT

Contracted Sales

For the year ended 31 December 2022, the Group achieved contracted sales of approximately RMB57,872.96 million, representing a decrease of approximately 62.79% compared with approximately RMB155,520.22 million for the year ended 31 December 2021. This decrease was mainly attributable to the decrease in the total gross floor area ("**GFA**") of the Group's contracted sales by approximately 65.79% from approximately 7,336,614 sq.m. for the year ended 31 December 2021 to approximately 2,509,511 sq.m. for the year ended 31 December 2022.

The amount of the Group's contracted sales in Shanghai, Hangzhou, Fuzhou, Nanjing, Suzhou, Qingdao, Chongqing, Chengdu and Fuyang accounted for (i) approximately 81.94% of the Group's total contracted sales for the year ended 31 December 2022, and (ii) approximately 65.77% of the Group's total GFA of contracted sales for the year ended 31 December 2022. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2022:

	Amount *(RMB million)*	**Percentage** *(%)*	**GFA** *(sq.m.)*	**Percentage** *(%)*	**Average selling price** *(RMB/sq.m.)*
Shanghai	20,951.31	36.20	236,724.73	9.43	88,504.94
Hangzhou	8,298.88	14.34	279,488.83	11.14	29,693.06
Fuzhou	6,010.19	10.39	346,396.84	13.80	17,350.59
Nanjing	2,999.14	5.18	158,979.49	6.34	18,864.96
Suzhou	2,414.82	4.17	117,444.21	4.68	20,561.41
Qingdao	1,795.66	3.10	118,211.90	4.71	15,190.16
Chongqing	1,816.80	3.14	144,613.33	5.76	12,563.12
Chengdu	1,540.60	2.66	87,601.18	3.49	17,586.47
Fuyang	1,590.97	2.75	161,150.03	6.42	9,872.59
Others	10,454.61	18.06	858,900.47	34.23	12,172.08
Total	57,872.96	100	2,509,511	100	23,061.45

Projects completed

For the year ended 31 December 2022, the Group and its joint ventures and associates had completed a total of 65 projects or phases of projects, with a total GFA of 7,957,107.60 sq.m. (4,133,640.86 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Projects under construction

As at 31 December 2022, the Group and its associates and joint ventures had a total of 74 projects or phases of projects under construction, with a total planned GFA of 17,030,961.67 sq.m. (9,590,654.05 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Land reserve

During the year ended 31 December 2022, the Group did not acquire any land parcels.

As at 31 December 2022, the total GFA of the Group's land reserve was approximately 24.9 million sq.m. among which, approximately 9.3 million sq.m. were completed properties held for sale, approximately 14.7 million sq.m. were under construction, and approximately 0.9 million sq.m. were held for future development.

As at 31 December 2022, the average cost per sq.m. of the Group's land reserve decreased from RMB8,202 for the year ended 31 December 2021 to RMB8,022 for the year ended 31 December 2022. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its sales and cash flows.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 31 December 2022:

Region	Project Name	Total land value *(RMB million)*	Total GFA of reserve *(10,000 sq.m.)*	Average cost per sq.m. *(RMB/sq.m.)*
Fuzhou	Fuzhou Ronghui Hot Spring City (福州融匯溫泉城)	681	64.44	1,610
Fuzhou	Fuzhou Nice Villa (福州有墅)	15	4.47	486
Xiamen	Xiamen Boyue Bay (廈門鉑悅灣)	395	2.78	23,207
Shanghai	Shanghai Platinum (上海鉑爵)	140	1.47	15,409
Shanghai	Shanghai Zhongxing Road (上海中興路)	3,413	4.98	100,091
Nanjing	Nanjing Boan Center (南京鉑岸中心)	435	28.42	2,515
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	378	3.80	13,576
Zhangzhou	Zhangzhou No. 1 (漳州壹號府)	336	3.97	10,897
Nanjing	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	566	5.92	12,842
Tianjin	Tianjin West Coast (天津西海岸)	1,049	15.85	8,238
Tianjin	Tianjin Jinnan (天津津南府)	1,073	12.49	12,959
Putian	Putian Ronshine (莆田融信府)	290	3.85	10,032
Guangzhou	Guangzhou Tianyue (廣州天樾府)	835	8.07	14,999
Xiamen	Xiamen Century (廈門世紀)	284	1.54	31,520
Chongqing	Chongqing Lan Bay (重慶瀾灣)	422	9.59	6,189

Management Discussion and Analysis

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天（空港）)	307	8.00	5,101
Shaoxing	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	589	30.58	2,577
Hangzhou	Hangzhou Century (杭州世紀)	1,859	8.95	30,816
Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	153	20.63	912
Nanjing	Nanjing Wanke Du Hui Tian Di (南京萬科都薈天地)	351	4.11	12,130
Nanjing	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	170	2.67	9,464
Jinhua	Jinhua Yuejiang (金華悅江府)	68	1.10	8,467
Hangzhou	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	2,113	7.46	40,542
Hangzhou	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	642	3.76	24,704
Fuzhou	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	198	3.61	7,340
Zhengzhou	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城－蘇派－1)	190	34.42	470
Fuzhou	Fuzhou Lan Sky (福州瀾天)	353	2.13	21,973
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	306	5.92	4,324
Hangzhou	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	308	2.94	16,005
Fuzhou	Changle Yujingwan (長樂禦景灣)	18	1.04	2,137
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	11	2.04	714
Lu’an	Lu’an Jiangwancheng (六安江灣城)	41	2.61	1,984
Fuyang	Xingfu Li • East County (幸福里 • 東郡)	108	9.44	2,235
Xi’an	Chang’an XiYue (長安熙悦)	8	2.11	446
Zhenjiang	Jurong Tianyuefu Project (句容天悦府)	94	2.58	4,837
Hangzhou	Hangzhou Liwang NEO1 (杭州厘望NEO1)	408	1.90	31,551
Jiaxing	Haining Lanting (海寧瀾庭)	154	2.98	7,200
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季朧玥華府)	186	4.56	5,599
Hangzhou	Hangzhou Xianghu Yuezhang (杭州湘湖悅章)	3,245	27.06	17,134
Huzhou	Anji Yuejiang (安吉悦江府)	236	11.09	2,986
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城－中喬－1)	240	45.52	722

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Chengdu	Chengdu Lan Sky (成都瀾天)	57	1.97	4,200
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	17	1.03	2,102
Zhengzhou	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城－蘇派－2)	122	32.98	550
Qingdao	The Ocean Costal (青島海月星灣)	337	16.02	3,504
Fuzhou	Fuzhou Park Left Bank Project (福州公園左岸)	143	0.87	21,731
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	102	3.44	3,939
Shanghai	Shanghai Yangpu Lot (上海楊浦平涼地塊)	413	2.67	25,397
Fuzhou	Fuzhou Country Garden Yuelinglong (福州碧桂園悦玲瓏)	22	0.40	7,687
Xi'an	Hailiang • Yuchen (海亮 • 御宸)	23	0.57	4,821
Zhengzhou	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城－德藍－1)	230	57.66	520
Zhengzhou	Zhengzhou Olympic Century-1 (鄭州奧體世紀－1)	185	13.55	2,264
Suzhou	Suzhou Haiyue Pingjiang (蘇州海月平江)	623	4.35	19,235
Hangzhou	Hangzhou Qinlan (杭州沁瀾)	340	2.49	21,211
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悦灣)	172	2.81	8,216
Fuzhou	Changle Lanshan (長樂瀾山)	290	7.66	5,005
Chongqing	Chongqing Haiyue Pinghu (重慶海月平湖)	632	9.50	11,149
Jiangmen	Jiangmen Guoyue House (江門國樾府)	146	3.37	5,847
Hangzhou	Hangzhou Tianlang House (杭州天瑯府)	664	5.14	19,433
Huzhou	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悦天境)	386	9.40	6,095
Wenzhou	Wenzhou Jinlin House (溫州金麟府)	39	0.60	8,500
Huzhou	Huzhou Rongjing Garden (湖州融璟園)	225	7.17	5,457
Jinhua	Tianyang River Mansion (天陽雲棲江境)	275	3.81	10,562
Tianjin	Tianjin Lanyue 3 (天津瀾悦3號)	92	1.03	13,001
Tianjin	Tianjin Lanyue 4 (天津瀾悦4號)	300	3.58	11,742
Changzhou	Changzhou Lanyue (常州瀾悦)	395	5.58	9,313
Zhangzhou	Changtai Luxi County (長泰鷺西郡)	45	4.97	1,127
Hangzhou	Baolong Lin'an Project (寶龍臨安項目)	280	6.75	6,128
Fuzhou	Pingtan Lanchen (平潭瀾宸)	527	12.02	5,549
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	331	8.65	5,167

Management Discussion and Analysis

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Fuyang	Fuyang Linquan Project (阜陽臨泉項目)	18	1.10	2,115
Hangzhou	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	255	5.05	5,546
Shaoxing	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	24	0.93	3,492
Zhengzhou	Zhengzhou City of Times (鄭州時光之城)	928	39.86	3,167
Jiangmen	Jiangmen Mansion (江門學院府)	332	9.28	4,800
Wenzhou	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悦里)	300	3.44	13,004
Suzhou	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	285	5.40	6,843
Chengdu	Shui Nian River (水碾河)	35	0.36	13,500
Chengdu	Chengdu Ruilian (成都瑞聯)	185	2.05	14,300
Chongqing	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	374	5.78	9,600
Chongqing	Tan Zi Kou (灘子口)	38	0.59	9,255
Nantong	Nantong Lan Chen (南通瀾宸)	258	4.63	8,537
Fuzhou	Fuzhou CBD49 Lot (福州CBD49地塊)	482	4.59	14,497
Shaoxing	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	174	3.08	7,943
Wenzhou	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	260	4.37	8,510
Qingdao	Qingdao Manshan Lanting (青島縵山蘭亭)	75	4.64	2,386
Chengdu	Chengdu Jinniu 16 mu (成都金牛16畝)	183	1.80	14,200
Nanjing	Nanjing 2019G87 (南京2019G87)	766	6.46	16,628
Nanjing	Nanjing 2019G94 (南京2019G94)	415	3.37	19,019
Suzhou	Kunshan Bacheng Lot (昆山巴城地塊)	168	4.11	5,582
Hangzhou	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	446	4.34	14,578
Zhengzhou	Zhengzhou Olympic Century-2 (鄭州奧體世紀－2)	596	25.60	3,134
Taiyuan	Taiyuan City of Times-1 (太原時光之城－1)	483	44.36	1,355
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城－中喬－2)	18	2.85	790
Zhengzhou	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城－蘇派－3)	18	3.13	751
Zhengzhou	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城－德藍－2)	154	30.65	717
Hangzhou	Hangzhou Zhanwang (杭州展望)	1,702	9.75	25,116
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	178	4.67	5,383

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Chongqing	Chongqing Kaizhou Project (重慶開州項目)	490	17.91	3,901
Wenzhou	Wenzhou Rongwang (溫州榮望)	282	5.30	7,203
Fuyang	Fuyang Yingzhou Project (阜陽潁州項目)	427	18.13	2,961
Lianyungang	Lianyungang Mansion (連雲港學院府)	437	14.90	3,999
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悦城南地塊)	937	9.23	14,197
Taiyuan	Taiyuan City of Times-2 (太原時光之城－2)	383	38.31	1,222
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	1,690	13.39	17,388
Quzhou	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	133	2.25	8,634
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	665	5.82	16,088
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	1,804	10.05	23,558
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	368	5.95	7,932
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	4,132	38.19	13,521
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	110	4.48	3,578
Nanjing	Nanjing Qinglan (南京青瀾)	780	6.36	17,439
Shaoxing	South Shaoxing Dongguang Lot (紹興城南東光地塊)	467	4.76	12,263
Baoding	Baoding Jinyue City (保定金悦城)	131	5.09	3,979
Suzhou	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	941	7.53	16,811
Shanghai	Shanghai Century One Mile (上海世紀古美)	2,307	6.23	54,814
Shanghai	Shanghai Four Seasons (上海海月四季)	532	3.71	22,578
Chongqing	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	166	8.06	2,855
Shanghai	Shanghai Parallel Impression (上海海納印象)	4,871	17.60	38,763
Lanzhou	Lanzhou Park Academy (蘭州公園學府)	76	10.29	897
Fuyang	Linquan Junyue Mansion (臨泉君樾府)	134	6.71	2,592
Fuzhou	Fuzhou Yongtai Project (福州永泰項目)	55	2.53	2,811

Management Discussion and Analysis

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	202	2.07	13,169
Mengcheng	Mengcheng Junyue Mansion (蒙城君樾府)	57	4.33	1,662
Fuzhou	Fuzhou Heshang Project (福州鶴上項目)	486	12.53	5,121
Quzhou	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	149	2.48	8,281
Putian	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	148	5.00	3,903
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	107	4.07	3,650
Hangzhou	Yunhe Commercial 43 Lot (運河商業43號地塊)	274	2.23	14,075
Hangzhou	Yunhe Commercial 44 Lot (運河商業44號地塊)	224	2.00	12,859
Shanghai	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	1,772	3.73	72,000
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	103	4.36	3,343
Zhengzhou	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城－蘇派－4)	16	16.08	716
Zhengzhou	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城－德藍－3)	8	1.29	751
Taiyuan	Taiyuan City of Times-3 (太原時光之城－3)	371	32.78	1,294
Suzhou	Changshu Project (常熟項目)	275	5.74	6,662
Hangzhou	Hangzhou Xingyao Beixi Project (杭州興耀市北西項目)	148	0.80	25,962
Chengdu	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	348	8.07	5,718
Chengdu	Chengdu Qingbaijiang Project (成都青白江項目)	116	8.01	2,048
Mianyang	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	256	11.55	2,932
Putian	Xianyou Construction and Development Cooperation Project (仙遊建發合作項目)	42	1.65	2,784
Hangzhou	Yue Zhen Mansion (樾臻府)	62	1.86	4,375
Zhengzhou	Zhengzhou City of Times-2 (鄭州時光之城－2)	469	15.31	2,501
Zhengzhou	Zhengzhou Olympic Century-3 (鄭州奧體世紀－3)	402	15.83	3,485
Suzhou	Suzhou Huangqiao Project (蘇州黃橋項目)	784	7.12	14,784
Huzhou	Huzhou Xifengyang Project (湖州西鳳漾項目)	690	16.46	5,794

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Huzhou	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	612	13.65	6,475
Lianyungang	Lianyungang Urban Park East District (連雲港海納春江東區)	623	9.80	8,856
Lianyungang	Lianyungang Urban Park West District (連雲港海納春江西區)	597	0.69	6,518
Hangzhou	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	2,481	17.20	19,474
Hangzhou	Hangzhou Aoshi Mansion (杭州傲世邸)	1,482	6.55	27,253
Hangzhou	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	242	0.79	44,364
Hangzhou	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	306	3.28	13,890
Hangzhou	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	160	2.34	12,278
Fuzhou	Fuzhou Lan Bay (福州瀾灣)	377	5.67	8,955
Fuzhou	Fuzhou China Trend Chaoyue (福州海納新潮潮悦)	136	2.61	7,087
Fuzhou	Fuzhou Residence (福州國公館)	1,420	21.11	9,921
Xi'an	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	378	7.05	7,397
Xi'an	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	301	5.54	7,653
Wenzhou	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	714	12.66	7,607
Putian	Putian Ronshine Yuezhu (莆田融信悦著)	97	2.82	4,796
Chengdu	Chengdu Qingyang 23 mu (成都青羊23畝)	385	5.42	10,498
Chengdu	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	357	2.91	18,699
Xuzhou	Xuzhou Xinyi Project (徐州新沂項目)	372	13.64	3,360
Suzhou	Suzhou Science City Project (蘇州科技城項目)	416	3.76	15,647
Shanghai	Shanghai Baoshan Luodian Project (上海寶山羅店項目)	551	3.50	22,340
Nantong	Nantong Chongchuan Park Road Lot (南通崇川園林路地塊)	667	6.92	13,340
Lanzhou	Lanzhou Yuelan Time's Trace (蘭州樂瀾 • 時光印)	62	8.07	709
Weinan	Weinan Wenquetai (渭南文闕台)	78	5.81	2,393
Mengcheng	Mengcheng Chengnan New District Lot (蒙城城南新區地塊)	81	5.63	1,752
		81,948	1,503	8,022

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 9.69% from approximately RMB33,284.01 million for the year ended 31 December 2021 to approximately RMB30,059.29 million for the year ended 31 December 2022. The Group derived its revenue primarily from (i) the sales of properties in the PRC; (ii) certain construction services with local PRC governments with respect to the construction of resettlement housing; and (iii) the rental income generated from the leasing of investment properties, hotel operations and others.

The following table sets forth details of the Group's revenue recognised from such sources for the periods indicated:

	For the year ended 31 December		
	2022 ***RMB'000***	2021 *RMB'000*	Change in percentage
Revenue			
Sales of properties	**28,640,290**	31,703,628	-9.66%
Construction services	**646,434**	934,577	-30.83%
Rental income, hotel operations and others	**772,568**	645,809	19.63%
Total	**30,059,292**	33,284,014	-9.69%

The decrease in the Group's revenue was mainly attributable to:

(i) the decrease in the recognised GFA of properties delivered by the Group by approximately 42.56% from 2,284,714 sq.m. for the year ended 31 December 2021 to 1,312,231 sq.m. for the year ended 31 December 2022;

(ii) the decrease in revenue generated from construction services by approximately 30.83% from approximately RMB934.58 million for the year ended 31 December 2021 to approximately RMB646.43 million for the year ended 31 December 2022; and

(iii) the increase in rental income generated from investment properties from approximately RMB164.30 million for the year ended 31 December 2021 to approximately RMB175.72 million for the year ended 31 December 2022. The others comprise mainly of revenue from hotel operations and provision of consultation services. During the year ended 31 December 2022, revenue from hotel operations of the Group was approximately RMB116.55 million.

Revenue generated from the sales of properties amounted to approximately RMB28,640.29 million for the year ended 31 December 2022. The following table sets forth details of revenue generated from the sales of properties of the Group by geographical location for the year ended 31 December 2022:

	For the year ended 31 December					
	2022			2021		
	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/ sq.m.)	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/ sq.m.)
Shanghai	7,614	95,592	79,656	25	365	68,163
Hangzhou	5,740	117,693	48,772	5,548	288,349	19,242
Fuzhou	3,122	195,327	15,986	2,441	131,786	18,519
Nanjing	2,186	91,584	23,869	961	52,889	18,172
Zhangzhou	1,835	180,874	10,145	178	40,800	4,373
Others	8,142	631,162	12,901	22,551	1,770,525	12,737
Total	28,640	1,312,231	21,826	31,704	2,284,714	13,876

Cost of sales

The Group's cost of sales mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge. The Group's cost of sales increased by approximately 22% from approximately RMB29,655.78 million for the year ended 31 December 2021 to approximately RMB36,178.86 million for the year ended 31 December 2022.

Gross loss/profit and gross loss/profit margin

Gross loss/profit represents revenue less cost of sales. As a result of the foregoing, there was a turnaround from gross profit of approximately RMB3,628.24 million for the year ended 31 December 2021 to gross loss of approximately RMB6,119.57 million for the year ended 31 December 2022.

The Group recorded a gross profit margin of approximately 10.90% for the year ended 31 December 2021 and a gross loss margin of approximately 20.36% for the year ended 31 December 2022, primarily because the Group delivered different portfolios of properties and the provision for impairment of inventories increased significantly in 2022 as compared with 2021.

Management Discussion and Analysis

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) property management fees; and (iv) others costs including rental expense and office expense.

The Group's selling and marketing costs decreased by approximately 24.66% from approximately RMB1,289.73 million for the year ended 31 December 2021 to approximately RMB971.65 million for the year ended 31 December 2022, primarily due to the decreased advertisement expenses and property management service fee.

Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) consulting fees; (iii) office and travel expenses; (iv) entertainment expenses; (v) other taxes; (vi) office lease expenses; and (vii) others.

The Group's administrative expenses decreased by approximately 15.75% from approximately RMB1,198.31 million for the year ended 31 December 2021 to approximately RMB1,009.60 million for the year ended 31 December 2022, mainly attributable to the increase in impairment losses on current accounts of the Group.

Fair value losses on investment properties

The Group recorded fair value losses of approximately RMB32.25 million for the year ended 31 December 2021 and fair value losses of approximately RMB739.01 million for the year ended 31 December 2022 due to a decrease in the market price of its investment properties.

Other income

The Group's other income primarily includes (i) interest income; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income decreased by approximately 63.52% from approximately RMB450.28 million for the year ended 31 December 2021 to approximately RMB164.25 million for the year ended 31 December 2022.

Other gains or losses

The Group's gains or losses primarily include (i) losses/gains from financial assets at fair value through profit or loss; (ii) losses/gains from bond repurchase; and (iii) losses/gains from disposal of subsidiaries and an associate. The Group recorded other net gains of approximately RMB707.31 million for the year ended 31 December 2021 and other net losses of approximately RMB1,151.35 million for the year ended 31 December 2022. The turnaround was primarily due to the losses from disposal of several projects by the Group.

Operating loss/profit

The Group recorded operating profit of approximately RMB2,270.14 million for the year ended 31 December 2021 as compared to operating loss of approximately RMB10,615.25 million for the year ended 31 December 2022. The turnaround was primarily due to the projects with lower gross profit recognised during the Year and the increase in provision for impairment of available-for-sale property projects and self-held property projects.

Finance income/costs – net

Finance income primarily consists of foreign exchange gain and interest income from bank deposits. Finance cost primarily consists of interest expenses of borrowings and net foreign exchange losses. The Group recorded net finance income of approximately RMB100.22 million for the year ended 31 December 2021 and net finance costs of approximately RMB1,811.09 million for the year ended 31 December 2022. This variance was primarily due to the decrease in net foreign exchange gains of approximately RMB1,222.64 million and decrease of interest income from bank deposits of approximately RMB36.86 million.

Loss/profit before income tax

As a result of the aforementioned changes of the Group's financials, there was a turnaround from profit before income tax of approximately RMB2,472.60 million for the year ended 31 December 2021 to loss before income tax of approximately RMB11,912.12 million for the year ended 31 December 2022.

Income tax expense

The Group's income tax expense comprises provisions made for CIT (including deferred income tax) and LAT in the PRC.

The Group recorded income tax expenses of approximately RMB745.87 million for the year ended 31 December 2021 and approximately RMB527.83 million for the year ended 31 December 2022. Specifically, the Group recorded CIT (including deterred income tax) expenses of approximately RMB425.66 million for the year ended 31 December 2022 as compared with CIT (including deterred income tax) expenses of approximately RMB625.01 million for the year ended 31 December 2021, while the Group's LAT expenses decreased by approximately 15.46% from approximately RMB120.86 million for the year ended 31 December 2021 to approximately RMB102.18 million for the year ended 31 December 2022.

Loss/profit for the year attributable to owners of the Company

As a result of the foregoing factors, there was a turnaround from the Group's profit for the year attributable to owners of the Company of approximately RMB1,295.05 million for the year ended 31 December 2021 to loss for the year attributable to owners of the Company of approximately RMB11,234.84 million for the year ended 31 December 2022.

Loss/profit for the year attributable to non-controlling interests

There was a turnaround from profit for the year attributable to non-controlling interests of approximately RMB431.68 million for the year ended 31 December 2021 to loss for the year attributable to non-controlling interests of approximately RMB1,205.11 million for the year ended 31 December 2022. The decrease was primarily due to the recognition of revenue from sales of properties during the year ended 31 December 2022 in the respective projects, which were jointly developed with non-controlling parties.

FINANCING ACTIVITIES

Repayment of Notes and ABS

As at 24 February 2022, cancellation of the outstanding 10.5% senior notes due 2022 (the "**Notes**") repurchased by the Company in an aggregate principal amount of US$193,900,000 was completed, representing approximately 38.78% of the aggregate principal amount of the Notes issued. The Notes matured on 1 March 2022 and was fully repaid by the Company.

On 25 February 2022, the Company announced that it has arranged all necessary funds to be remitted from its onshore bank accounts in the PRC to its offshore repayment account, to repay the outstanding Notes due to mature on 1 March 2022 (ISIN: XS1957481440) in the principal amount of US$262,590,000 with accrued and unpaid interest of US$23,965,725, amounting to US$286,555,725.

On 27 April 2022, the Company announced that it has arranged funds of RMB726,878,000 to be remitted into a designated depository account to repay relevant asset-backed security ("**ABS**") of the Company known as "Zhongshan Securities – Ronshine Group Tranche 3 Asset-backed Special Programme" (中山證券－融信集團3期資產支持專項計劃) due to mature on 29 April 2022 in the senior principal amount of RMB716,835,000, senior interest amount of RMB9,385,520.66 and the relevant taxes and fees.

For more details, please refer to the announcements of the Company dated 20 February 2022, 22 February 2022, 24 February 2022, 25 February 2022 and 27 April 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's net current assets amounted to approximately RMB34,070.28 million (31 December 2021: approximately RMB60,586.73 million). Specifically, the Group's total current assets decreased by approximately 22.54% from approximately RMB217,867.61 million as at 31 December 2021 to approximately RMB168,757.10 million as at 31 December 2022. The Group's total current liabilities decreased by approximately 14.37% from approximately RMB157,280.88 million as at 31 December 2021 to approximately RMB134,686.82 million as at 31 December 2022. The decrease in the Group's total current assets was primarily attributable to the decrease in properties under development by approximately 26.00% from approximately RMB127,448.61 million as at 31 December 2021 to approximately RMB94,305.79 million as at 31 December 2022.

As at 31 December 2022, the Group had cash and bank balances of approximately RMB9,543.94 million (31 December 2021: approximately RMB22,055.45 million), total borrowings of approximately RMB42,403.69 million (31 December 2021: approximately RMB56,777.92 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.86% (including bank borrowings, trust and other borrowings, domestic corporate bonds, senior notes and asset-backed securities) (31 December 2021: approximately 6.36%).

As at 31 December 2022, the aggregated issued amount of the domestic corporate bonds was approximately RMB24,162.61 million, representing approximately 56.98% of the total borrowings of the Group.

Since the second half of 2021, the business environment of China's real estate industry has undergone major changes, with increased difficulties in financing confronted by real estate companies. Under such circumstances, a number of real estate companies have successively encountered debt repayment issues, indicating accelerated deterioration of the industry's business environment. At the same time, the outbreak of the COVID-19 pandemic in Shanghai and other cities has brought enormous pressure on the Group's operations. As a result of the impact brought by the above factors, the Group takes longer time than expected to realise cash from of its properties and/or have the cash from external financing to meet its loan repayment obligations.

As set out in the announcement dated 10 July 2022, interest in the amount of US$12,798,000 under the 8.1% senior notes due June 2023 (the "**June 2023 Notes**") and interest in the amount of US$15,067,500 under the 7.35% senior notes due December 2023 (the "**December 2023 Notes**") were due on 9 June 2022 and 15 June 2022, respectively. The Company had a 30-day grace period to pay such interests. As of the date of this annual report, the Company has not made the above interest payments and has not received any notice regarding accelerated repayment from the holders of the June 2023 Notes or the December 2023 Notes.

As set out in the announcements dated 25 October 2022 and 26 January 2023, the 8.75% senior notes due 2022 (the "**October 2022 Notes**") and the 8.95% senior notes due 2023 (the "**January 2023 Notes**") in the aggregate principal amount of US$688,000,000 and US$413,000,000, respectively, issued by the Company matured on 25 October 2022 and 22 January 2023, respectively. The principal amount and the accrued and unpaid interest totalling US$718,100,000 and US$431,481,750, respectively, became due and payable. As of the date of this annual report, the Company has not made such payment.

Although the Company has endeavoured to mitigate the impact of various unfavourable factors on its operations, due to the prolonged duration of this situation, the Group's operation and cash position have been significantly affected, and its ability to perform future obligations is subject to uncertainty.

In light of the current liquidity position, the Group has undertaken a number of plans and measures to mitigate the liquidity pressure and to improve the financial position of the Group, details of which are set out in note 1(c) to the consolidated financial statements extracted in this annual report. The Group will closely monitor its liquidity position and issue further announcement regarding the progress of any capital structure solutions or significant business updates.

PLEDGE OF ASSETS

As at 31 December 2022, the Group's borrowings were secured by the Group's assets of approximately RMB50,386.29 million (31 December 2021: approximately RMB28,956.42 million), which included (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash; and (vi) investment property. Certain borrowings from financial institutions were also secured by the equity interests of certain subsidiaries.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

On 14 December 2021, Jiangsu Ronghua Property Development Co., Ltd.* (江蘇融華置業有限公司) (the "**Project Company**"), a non-wholly-owned subsidiary of the Company which is owned as to 65% by the Group and 35% by an independent third party (the "**JV Partner**"), and the JV Partner as lenders entered into a loan agreement (as supplemented by two supplemental agreements dated 14 and 15 December 2021, respectively) with, among others, certain members of the Group as borrowers (the "**Borrowers**"), pursuant to which the Project Company and the JV Partner provided a loan in the total principal amount of RMB185 million (as to RMB130 million and RMB55 million by the Project Company and the JV Partner, respectively) to the Borrowers (the "**Intra-Group Loan**"). The Intra-Group Loan was guaranteed by, among others, Mr. Ou Zonghong (an executive Director and a controlling shareholder of the Company) ("**Mr. Ou**"), and was secured by a security arrangement over 103,500,000 shares of the Company ("**Shares**") (representing approximately 6.15% of the total number of issued Shares as at 14 December 2021 and 31 December 2022) held by Dingxin Company Limited (a controlling shareholder of the Company) by way of an escrow over the physical share certificates and undated share transfer documents in respect of such Shares (the "**Arrangement**").

On 3 August 2022, the parties entered into termination agreements to terminate the Intra-Group Loan and security arrangement thereof, including the personal guarantee provided by Mr. Ou and the security arrangement over the relevant Shares held by Dingxin Company Limited, without liability to any party.

Please refer to the section headed "Management Discussion and Analysis — Pledge of Shares by Controlling Shareholder" in the interim report of the Company for the six months ended 30 June 2022 for further details.

CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to approximately RMB24,879.64 million as at 31 December 2022 (31 December 2021: approximately RMB28,956.42 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

Current ratio

As at 31 December 2022, the current ratio of the Group was 1.25 times (31 December 2021: 1.39 times). The decrease in the Group's current ratio was mainly attributable to the decrease of properties under development and completed properties held for sale included in current assets.

Gearing ratio

As at 31 December 2022, the gearing ratio of the Group was 1.07 (31 December 2021: 0.66), mainly due to the decrease in total assets. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the first-tier and second-tier cities in the PRC. No concrete plan for future investments is in place for the Group as at the date of this annual report.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. As at 31 December 2022, the Group's financial assets and liabilities denominated in currencies other than Renminbi were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB1,884.44 million. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to the Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

SIGNIFICANT INVESTMENT HELD

For the year ended 31 December 2022, save as disclosed in this annual report, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disposal of Subsidiaries

On 18 February 2022, Shanghai Kaiyin Enterprise Company Limited* (上海愷胤實業有限公司) ("**Shanghai Kaiyin**"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhejiang Beize Group Company Limited* (浙江貝澤集團有限公司) ("**Zhejiang Beize**"), pursuant to which Shanghai Kaiyin agreed to dispose of, and Zhejiang Beize agreed to purchase, 55% of the equity interest of Ningbo Hailiang Property Investment Company Limited* (寧波海亮房地產投資有限公司) (the "**Target Company**", together with its subsidiaries and its invested entity, the "**Target Group**") for a consideration of RMB421,239,530.34 (the "**Disposal**").

The Disposal was completed on 18 February 2022. Upon completion of the Disposal, the Group no longer holds any interest in the Target Company and the Target Company and other members of the Target Group have ceased to be accounted as subsidiaries of the Group. Please refer to the Company's announcement dated 18 February 2022 for further information.

Save as disclosed above, the Group did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As set out in the announcement dated 26 January 2023, the January 2023 Notes in the aggregate principal amount of US$413,000,000 issued by the Company matured on 22 January 2023. The principal amount and the accrued and unpaid interest totalling US$431,481,750 became due and payable. As of the date of this annual report, the Company has not made such payment.

Save as disclosed above, as at the date of this annual report, the Group did not have any significant event subsequent to 31 December 2022.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ou Zonghong, aged 53, is the founder of the Group. Mr. Ou has been a Director since 11 September 2014, the chairman of the Board since 1 December 2014 and was re-designated as the executive Director and appointed as the chief executive officer of the Company on 15 December 2014. Mr. Ou is the chairman of the nomination committee (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**") since 13 January 2017. Mr. Ou is primarily responsible for the overall development strategy and daily operation of the Group. He has more than 20 years of experience in the property development and construction industries. Mr. Ou established Putian Transport Engineering Company Limited* (莆田市交通工程有限公司) on 1 August 1995, which engaged in construction of motorways. On 20 April 2000, Mr. Ou started his engagement with the property related business and established Putian Transport and Real Estate Development Company Limited* (莆田市交通房地產開發有限公司). On 23 September 2003, Mr. Ou established Rongxin (Fujian) Investment Company Limited* (融信(福建)投資集團有限公司). Mr. Ou has been a director of Renmin University of China* (中國人民大學) since 18 October 2011. Mr. Ou has also been the managing vice president of the Federation of Fujian Enterprise and Entrepreneur* (福建省企業與企業家聯合會) since April 2012, respectively.

Mr. Ou has also assumed various positions in the subsidiaries of the Company, including a director of Rongda Company Limited since 11 September 2014, a director of Rongtai Company Limited (融泰有限公司) since 26 September 2014, a director of Rongxin (Fujian) Investment Company Limited* (融信(福建)投資集團有限公司) since 23 September 2003, a director of Rongxin (Zhangzhou) Property Company Limited* (融信(漳州)房地產有限公司) from 7 January 2011 to 1 February 2013 and a director of Shanghai Ronglai Business Management Consulting Ltd.* (上海融銶企業管理諮詢有限公 司) since 28 October 2014.

Mr. Ou was awarded a member of the fourteenth and fifteenth sessions of the Excellent Entrepreneurs of Fujian in December 2011 and June 2014, respectively. He also received the Silver Award of the Ten Young Entrepreneurs of Fujian in April 2008.

Ms. Yu Lijuan, aged 41, was appointed as an executive Director on 22 March 2019. Ms Yu possesses extensive experience in real estate development and management. Ms. Yu has been engaged in the real estate industry for over 15 years. Ms. Yu first joined the Group in September 2007, she has since served in various positions within the Group, including serving as the marketing director of the Group, the deputy general manager of the East China region of the Company, the general manager of the Hangzhou region of the Company, vice president of the Group and the president of division 1 and division 3 of the Group. Ms. Yu is currently the president of the Group. Ms. Yu graduated from Fuzhou University (福州大學) in Fujian Province, China with a bachelor's degree in administrative management in July 2004. In November 2018, Ms. Yu was also awarded the title of "Top Ten Outstanding Professional Managers of Zhejiang Province for 2018" (2018年度浙江省十大傑出職業經理人).

Directors and Senior Management

Ms. Zeng Feiyan, aged 47, has been an executive Director since 27 July 2015 and currently serves as the senior vice president of the Company. She joined the Group in August 2013. Ms Zeng was the joint company secretary of the Company from 15 December 2014 to 20 February 2019. Before joining the Group, Ms. Zeng Feiyan has more than 10 years of finance related experiences in various entities. Ms. Zeng Feiyan had served as the manager of the operation and financial management center and the vice director of the supervisory committee in Hopson Development Holdings Limited* (合生創展集團有限公司) (a property development company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), stock code: 754) from May 2003 to October 2007. She was the vice general manager responsible for finance and investment management of Guangdong Pearl River Investment Management Group Company Limited* (廣東珠江投資管理集團有限公司) (a company principally engaged in the investment in energy and infrastructure projects) from October 2007 to September 2011, and the vice president and secretary of the board of directors of Cnhomeland Environmental Co., Ltd.* (浩藍環保股份有限公司) (an environmental-protection company engaged in the provision of environmental solutions services) from September 2011 to August 2013.

Ms. Zeng Feiyan has been a certified public accountant authorised by the Institute of Certified Public Accountants of Guangdong Province since 7 January 2003. She has also been a senior economist as credentialed by the Senior Professional Titles Evaluation Committee of Dezhou Private Economic Organisations since 26 September 2013 and a Registered Tax Agents authorised by the Certified Tax Agents Association of Guangdong Province since 13 December 2011. Ms. Zeng Feiyan graduated from Changsha Communication College* (長沙交通學院) (now known as Changsha University of Science and Technology)* (長沙理工大學)) in Changsha, Hunan province in June 1998 where she obtained a bachelor degree in accounting. Ms. Zeng Feiyan has also obtained the executive master of business administration from the Guanghua School of Management of Peking University* (北京大學光華管理學院) in July 2016.

Mr. Wu Jianxing, aged 31, has been appointed as executive Director since 15 August 2022. Mr. Wu graduated from the North China Electric Power University (華北電力大學) in July 2011 with a bachelor's degree in telecommunications engineering. Mr. Wu first joined the Group in August 2011, and has since served in various positions within the Group, including serving as the general manager of the Group's investment & development centre, general manager of the president office and assistant president. Mr. Wu is currently the assistant to the chairman of the Board.

Mr. Zhang Lixin, aged 44, was appointed as an executive Director on 16 November 2018. Mr. Zhang is the chief financial officer of the Company and is primarily responsible for the financial affairs of the Company. Mr. Zhang graduated from Dongbei University of Finance and Economics* (東北財經大學) in July 2001 with a bachelor's degree in Management. He further obtained a master degree of Economics (Regional Economics) in April 2004. Mr. Zhang has extensive experience in financial management. From April 2003 to September 2007, Mr. Zhang held various positions, as the finance supervisor, deputy finance manager and finance manager within a subsidiary of Dalian Wanda Group* (大連萬達集團). From September 2009 to April 2012, Mr. Zhang served initially as the deputy finance manager and subsequently as the chief financial officer in the business department of Shanghai Greenland Holdings Corporation Limited* (綠地控股集團股份有限公司房地產業務部). From May 2012 to August 2015, he was the general manager of the financial management center within Hailiang International Holdings Limited* (海亮地產集團財務管理中心). From August 2015 to October 2018, Mr. Zhang is the general manager of the Company's finance center.

NON-EXECUTIVE DIRECTOR

Mr. LI Shupei, aged 41, has been appointed as a non-executive Director since 4 November 2022. Mr. Li is currently the acting head of the Equity Investment Centre and the head of the research division of the Equity Center of Huaxia Jiuying Asset Management Co., Ltd.* (華夏久盈資產管理有限責任公司). Prior to his current role, he was as an analyst and a first-grade researcher specializing in macro strategy and non-bank financial intermediaries at the equity investment department of China Life Asset Management Company Limited from June 2015 to May 2018 and a macro strategy analyst and vice president of the research division at CSC Financial Co., Ltd., a company listed on the Main Board of Stock Exchange (stock code: 6066), from July 2010 to June 2015 specializing in A-share strategies, economic cycles and broad asset allocation. Mr. Li obtained a Bachelor's degree in management from Zhengzhou University in 2005 and a Master's degree and doctorate in economics from Nankai University in 2007 and 2010, respectively. Currently, Mr. Li also serves as a non-executive director of Fosun International Limited, a company listed on the Main Board of Stock Exchange (stock code: 656).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ren Yunan, aged 47, has been an independent non-executive Director, the chairman of the Remuneration Committee and a member of the audit committee of the Company (the "**Audit Committee**") since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Ren obtained a bachelor degree in law from Peking University* (北京大學) in Beijing in July 1997 and a master degree in law from Harvard University in the U.S. in June 1999. Mr. Ren has been qualified to practice law in New York, the U.S. since March 2000 and also admitted to practice in Hong Kong since March 2003 and currently is not in private practice in Hong Kong. Mr. Ren currently focuses on technology investment. From February 2015 to August 2020, Mr. Ren served as a non-executive director of Labixiaoxin Snacks Group Limited (蠟筆小新休閒食品集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1262). Mr. Ren Yunan has been an executive director, the chairman of the board and the chief executive officer of OKG Technology Holdings Limited (歐科雲鏈控股有限公司), formerly known as LEAP Holdings Group Limited (前進控股集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1499) since July 2018.

Directors and Senior Management

Mr. He Jiarong, aged 43, has been appointed as independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee since 15 August 2022. Mr. He graduated from the Sun Yat-sen University (中山大學) in the People's Republic of China (the "PRC") in June 2002 with a bachelor's degree in accounting and auditing, Mr. He has been a certified public accountant in the PRC since December 2002, an ACCA certified accountant since August 2007, a certified internal auditor since November 2007, and a certified public accountant in Hong Kong since April 2008. From August 2002 to November 2012, Mr. He was a senior audit manager at PricewaterhouseCoopers. From December 2012 to May 2018, Mr. He was the associate financial director at Swire Properties Limited Shanghai Representative Office of Swire Properties Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1972). From June 2018 to October 2019, Mr. He was the general manager of the financial department of Powerlong Real Estate Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1238). From April 2020 to June 2021, Mr. He was the vice general manager of the financial management centre of Logan Property Holdings Company Limited (now known as Logan Group Company Limited), a company listed on the Main Board of the Stock Exchange (stock code: 3380). From June 2021 to May 2022, Mr. He was the assistant president of Yuzhou Group Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code:1628). Since May 2022, Mr. He has been serving as the general manager for Chongqing Yingchuang Commercial Information Consultation Centre* (重慶盈創商務信息諮詢中心), a company established in the PRC and is principally engaged in business information and management consultation.

Mr. Ruan Weifeng, aged 46, was appointed as an independent non-executive Director on 22 March 2019. Mr. Ruan is a practising full-time lawyer in the PRC for 19 years. He graduated from the Faculty of Law of the Northwest University of Political Science and Law (西北政法大學) (formerly known as Northwest College of Political Science and Law) in July 1999, and obtained a bachelor's degree in law upon finishing its full-time legal undergraduate program. Mr. Ruan was admitted as a lawyer in the PRC in 1999. From June 2000 to September 2001, he served as a full-time lawyer of Fujian Mentors Law Firm* (福建名仕律師事務所), where he was mainly responsible for handling nonperforming asset businesses for financial institutions and asset management companies. From October 2001 to April 2006, he served as a full-time lawyer in Fujian Huiyang Law Firm* (福建輝揚律師事務所). He also successively served as a legal advisor to a number of banks, enterprises and institutions, and had handled nearly 100 civil and commercial cases. From April 2006 to July 2012, he served as a partner of the Fuzhou branch of Beijing Horizon Lawyers* (北京市地平線律師事務所福州分所), where he was primarily responsible for the business development and management of the non-litigation department. Since August 2012, he has established Fujian Gong Lue Law Firm* (福建攻略律師事務所), where he held the position of partner and director. Fujian Gong Lue Law Firm* is mainly engaged in advising on corporate legal matters, non-contentious legal practice areas such as finance, insurance, investment, mergers and acquisitions, global wealth planning (civil trust) matters, as well as handling other complex litigation and arbitration cases.

SENIOR MANAGEMENT

The senior management of the Group include the five executive Directors as disclosed above.

Save as otherwise disclosed in this annual report, there is no relationship (including financial, business, family or other material or relevant relationship) between the Directors and senior management of the Company, and no information relating to the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

JOINT COMPANY SECRETARIES

Mr. Yu Zuoyi and Ms. Lee Angel Pui Shan are the joint company secretaries of the Company.

Mr. Yu Zuoyi, aged 49, holds a Bachelor of Accounting degree from Hainan University* (海南大學) (formerly known as South China University of Tropical Agriculture* (華南熱帶農業大學)) in the People's Republic of China. From August 1995 to March 2011, Mr. Yu worked as a company accountant, finance manager, audit manager, finance director and securities manager within Tahoe Group Co., Ltd.* (泰禾集團股份有限公司), a company listed on the Shenzhen Stock Exchange with the stock code 000732, during which he was mainly responsible for financial management, financial and auditing related matters, internal system construction, asset and debt restructuring, mergers and acquisitions, internal standardization and administration, disclosure of information, and other matters related to listing. Since April 2011, Mr. Yu has been serving variously as the Company's finance supervisor, senior manager and senior director and is mainly responsible for other matters related to listing, such as financial management and disclosure of information.

Ms. Lee Angel Pui Shan is a corporate secretarial executive of SWCS Corporate Services Group (Hong Kong) Limited ("**SWCS**") and has extensive company secretarial professional experience. Ms. Lee holds a bachelor's degree in accounting. She is certified public accountant of The Hong Kong Institute of Certified Public Accountants, and an associate member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute. Before joining SWCS, she worked for Ernst & Young (Hong Kong and Beijing), participated in a number of Chinese overseas listings, and was also responsible for many internal control projects to meet the requirements of Hong Kong and overseas listings.

REPORT OF DIRECTORS

The Directors are pleased in presenting this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands (the "**Cayman Companies Act**"). The Shares were listed on the Main Board of the Stock Exchange on 13 January 2016 (the "**Listing Date**").

Principal Activities

The Company is an investment holding company and together with its subsidiaries, joint ventures and associated companies is a property developer in the PRC primarily engaged in the development of mid- to high-end residential properties and commercial properties in cities in the Western Coast of the Straits, Yangtze River Delta and selected first and second-tier cities in the PRC.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 11a to the consolidated financial statements of the Group in this annual report. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2022. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group's business review and future business development are provided in the section headed "Chairman's Statement" in this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" in this annual report.

A five year financial summary of the Group for the years ended 31 December 2018, 2019, 2020, 2021 and 2022 have been set out on page 228 in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements of the Group in this annual report.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2022 are set out in note 26 to the consolidated financial statements of the Group in this annual report.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2022 are set out in the consolidated statement of changes in equity in this annual report. As at 31 December 2022, the distributable reserve of the Company amounted to approximately RMB224.78 million.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be convened and held on Tuesday, 13 June 2023, a notice of which will be published and despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2022 (31 December 2021: nil).

As at 31 December 2022, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 8 June 2023 to Tuesday, 13 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 7 June 2023.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group primarily targets customers from middle to upper-middle income households who are looking to either purchase their first homes or upgrade their living environment. The Group also derived revenue from certain local governments in Fuzhou City for the Group's services under construction contracts. For the year ended 31 December 2022, the five largest customers of the Group accounted for approximately 2.63% of the revenue of the Group, and the single largest customer of the Group accounted for approximately 2.15% of the revenue of the Group during the same period.

All of the five largest customers of the Group (except local governments as counter-parties to the Group's construction contracts) for the year ended 31 December 2022 are individual purchasers of the Group's properties, and all of them are independent third parties. To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined in the Listing Rules) or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest customers of the Group during the year ended 31 December 2022.

Major Suppliers

For the year ended 31 December 2022, the five largest suppliers of the Group, primarily comprising construction companies which are the Group's contractors and each an independent third party, accounted for approximately 29.88% of the total purchases of the Group, and the single largest supplier of the Group accounted for approximately 18.93% of the Group's total costs of sales during the same period.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined in the Listing Rules) or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers of the Group during the year ended 31 December 2022.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are the keys to corporate sustainability and is keen on developing long-term relationships with its stakeholders.

The Company places significant emphasis on human capital and strives to foster an environment in which employees can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of materials and timely delivery of power plants under construction. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

SHARE CAPITAL

As at 31 December 2022, the Company had 1,683,431,417 Shares in issue.

Details of the movements in the share capital of the Company are set out in note 24 to the consolidated financial statements of the Group in this annual report.

ISSUANCE OF DEBENTURES AND SENIOR NOTES

The Company did not issue any debentures or senior notes during the Year.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended 31 December 2022 and up to the date of this annual report are:

Executive Directors

Mr. Ou Zonghong *(Chairman and Chief Executive Officer)*
Ms. Yu Lijuan
Ms. Zeng Feiyan
Mr. Wu Jianxing (appointed on 15 August 2022)
Mr. Ruan Youzhi(Note 1) (resigned on 15 August 2022)
Mr. Zhang Lixin *(Chief Financial Officer)*

Non-executive Director

Mr. Li Shupei (appointed on 4 November 2022)
Ms. Chen Shucui(Note 2) (resigned on 4 November 2022)

Independent Non-executive Directors

Mr. Ren Yunan
Mr. He Jiarong (appointed on 15 August 2022)
Mr. Qu Wenzhou(Note 3) (resigned on 22 July 2022)
Mr. Ruan Weifeng

Notes:

(1) Mr. Ruan Youzhi resigned as an executive Director as he wishes to devote more time to his other commitments.

(2) Ms. Chen Shucui resigned as a non-executive Director as she wishes to devote more time to her other commitments.

(3) Mr. Qu Wenzhou resigned as an independent non-executive Director as he wishes to devote more time to his other commitments.

Report of Directors

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

In accordance with Article 84(1) of the current articles of association of the Company (the "**Articles of Association**"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years.

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and shall be eligible for re-election at that meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall than be eligible for re-election.

Accordingly, two Directors, namely, Mr. Ou Zhonghong and Mr. Ren Yunan shall retire by rotation as Directors at the AGM according to Article 84(1) of the Articles of Association, and being eligible, have offered themselves for re-election as Directors at the AGM.

Further, as each of Mr. Wu Jianxing, Mr. Li Shupei and Mr. He Jiarong were appointed by the Board, each of Mr. Wu Jianxing, Mr. Li Shupei and Mr. He Jiarong shall hold office until the AGM according to Article 83(3) of the Articles of Association, and being eligible, have offered themselves for re-election as Directors at the AGM.

Directors' Service Contracts

Mr. Ou Zonghong has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from the Listing Date, i.e. 13 January 2016. Mr. Ou has renewed his service contract with the Company to act as an executive Director for a term of three years commencing from 13 January 2022, which may be terminated pursuant to the terms of his service contract.

Ms. Yu Lijuan has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from her date of appointment (i.e. 22 March 2019) and may be terminated pursuant to the terms of her service contract. Ms. Yu has renewed her service contract with the Company to act as an executive Director for a term of three years commencing from 22 March 2022, which may be terminated pursuant to the terms of her service contract.

Ms. Zeng Feiyan has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from her date of appointment (i.e. 18 June 2016), and may be terminated pursuant to the terms of her service contract. Ms. Zeng has renewed her service contract with the Company to act as an executive Director for a term of three years commencing from 5 June 2022, which may be terminated pursuant to the terms of her service contract.

Mr. Wu Jianxing has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from his date of appointment (i.e. 15 August 2022), and may be terminated pursuant to the terms of his service contract.

Mr. Zhang Lixin has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from his date of appointment (i.e. 16 November 2018), and may be terminated pursuant to the terms of his service contract. Mr. Zhang has renewed his service contract with the Company to act as an executive Director for a term of three years commencing from 16 November 2021, which may be terminated pursuant to the terms of his service contract.

Mr. Li Shupei has entered into a letter of appointment with the Company to act as a non-executive Director for a term of three years commencing from his date of appointment (i.e. 4 November 2022), and may be terminated pursuant to the terms of his letter of appointment.

Mr. Ren Yunan has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of three years commencing from the Listing Date, i.e. 13 January 2016. Mr. Ren has renewed his letter of appointment with the Company for a term of three years commencing from 1 April 2022, which may be terminated pursuant to the terms of his letter of appointment.

Mr. He Jiarong has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of three years commencing from his date of appointment (i.e. 15 August 2022), and may be terminated pursuant to the terms of his letter of appointment.

Mr. Ruan Weifeng has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of three years commencing from his date of appointment (i.e. 22 March 2019). Mr. Ruan has renewed his letter of appointment with the Company to act as an independent non-executive Director for a term of three years commencing from 22 March 2022, which may be terminated pursuant to the terms of the letter of appointment.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2022 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Group is principally engaged in property development in the PRC. Mr. Ou Zonghong, an executive Director, the chief executive officer of the Company and the chairman of the Board, owns equity interest in certain other companies which are engaging in the businesses of hotel operation and property management, details of which are set out below.

(i) Hotel Operation

Hemei (Zhangzhou) Hotel Investment Company Limited (和美（漳州）酒店投資有限公司) is a member of the Fujian Dingcheng Investment Company Limited (福建鼎誠投資有限公司), which owns and operates Zhangzhou Rongxin Crowne Plaza Holiday Hotel (漳州融信皇冠假日酒店) ("**Zhangzhou Rongxin Hotel**"). Zhangzhou Rongxin Hotel is a high-end hotel in Zhangzhou, Fujian province and was opened in August 2014. For further details, please refer to the section headed "Relationship with Controlling Shareholders — No Competition and Clear Delineation of Business" on pages 260 to 263 of the Prospectus.

(ii) Pre-delivery Property Management

Rongxin Shiou Property Service Group Limited (融信世歐物業服務集團有限公司), formerly known as Fujian Shiou Property Management Company Limited (福建世歐物業管理有限公司) and Fujian Rongxin Shiou Property Management Group Limited (福建融信世歐物業管理集團有限公司) ("**Rongxin Shiou Property**") is engaged in the provision of pre-delivery property management services and it has been providing pre-delivery property management services to certain of the Group's property projects during the year ended 31 December 2022 and will continue to do so afterwards. For further details, please refer to the announcement of the Company dated 3 November 2020, and the paragraph headed "Continuing Connected Transactions — 2. Master Ronshine Property Management and Related Services Agreement" in this section.

Rongxin Shiou Property was beneficially owned as to 100% by Mr. Ou in 2016 and thereafter has been beneficially owned as to 90% by Mr. Ou since 2017, including 54% interests indirectly held by Mr. Ou and 36% interests held by an independent third party on trust for and on behalf of Mr. Ou. In 2020, subsequent to a series of equity transfers and reorganization, Rongxin Shiou Property became an indirect wholly-owned subsidiary of Ronshine Service Holding Co., Ltd ("**Ronshine Service**"), which was, in turn, held as to 80% by Rongxin Yipin Co., Ltd ("**Rongxin Yipin**") and 20% by Fumei International Co., Ltd ("**Fumei International**"). In 2021, Ronshine Service became listed on the Main Board of the Stock Exchange (Stock Code: 2207) and as at 31 December 2022, Ronshine Service was held as to approximately 59.04% by Rongxin Yipin and approximately 14.76% by Fumei International. Each of Rongxin Yipin and Fumei International is wholly owned by Rongan Juxiang Co., Ltd ("**Rongan Juxiang**"), the special purpose holding vehicle of the family trust established on 18 August 2020 by Mr. Ou as the settlor and protector, with HSBC International Trustee Limited as the trustee (i.e. the Ou Family Trust). Accordingly, Rongxin Shiou Property is an associate of Mr. Ou by virtue of his indirect interests through Rongxin Yipin and Fumei International in Ronshine Service, which holds 100% interest indirectly in Rongxin Shiou Property. Rongxin Shiou Property remains to be a connected person of the Company under Chapter 14A of the Listing Rules.

(iii) Property Management

Rongxin (Fujian) Property Management Company Limited (融信（福建）物業管理有限公司) ("**Rongxin Fujian Property Management**") is beneficially owned as to 100% by Mr. Ou by virtue of his indirect interests through Rongxin Yipin and Fumei International in Ronshine Service which holds 100% interest indirectly in Rongxin Shiou Property, which, in turn, holds 100% interest in Rongxin Fujian Property Management. Rongxin Fujian Property Management is engaged in the provision of property management services and it has been providing property management services to certain of the Group's property projects during the year ended 31 December 2022 and will continue to do so afterwards. For further details, please refer to the section headed "Relationship with Controlling Shareholders — No Competition and Clear Delineation of Business" on pages 260 to 263 of the Prospectus.

Save as disclosed above, as at 31 December 2022, none of the Directors was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

Deed of Non-Competition

The Company's controlling shareholders, namely, Mr. Ou Zonghong, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin Company Limited (together, the "**Covenantors**") entered into a deed of non-competition on 22 December 2015 (the "**Deed of Non-Competition**") in favour of the Company, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that, save for the businesses carried on by them as already disclosed in the Prospectus, the Covenantors shall not, and shall procure that their close associates (other than members of the Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time (the "**Restricted Business**").

The Deed of Non-Competition shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of the Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

For details of the Deed of Non-Completion, please refer to the section headed "Relationship with Controlling Shareholders — Non-Competition Undertakings" in the Prospectus.

Annual Review

The Covenantors and their close associates did not refer any investment or commercial opportunities relating to the Restricted Business to the Group during the year ended 31 December 2022.

The Company has received a written confirmation from each of the Covenantors in respect of the compliance by them and their close associates with the undertakings under the Deed of Non-Competition during the year ended 31 December 2022.

The independent non-executive Directors have reviewed and assessed the compliance of the Deed of Non-Competition by the Covenantors and their close associates, and were satisfied that each of the Covenantors has complied with his/its undertakings under the Deed of Non-Competition during the year ended 31 December 2022.

CONTINUING CONNECTED TRANSACTIONS

Set forth below are the details of the continuing connected transactions of the Group during the year ended 31 December 2022, which were subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Landscape Engineering Services Framework Agreement

On 10 January 2020, the Company, as service recipient, entered into a landscape engineering services framework agreement (the "**2020 Landscape Engineering Services Framework Agreement**") with Xiujing (Fujian) Landscape Engineering Company Limited* (秀景（福建）園林工程有限公司) ("**Xiujing Landscape**"), as a service provider, pursuant to which Xiujing Landscape has agreed to provide, among others services, (i) landscape engineering design; (ii) landscape construction; and (iii) sale and nursery of horticultural plants (collectively, the "**Landscape Engineering Services**") to the property projects of the Group in the PRC, including but not limited to those in Fuzhou, Xiamen, Zhangzhou, Shanghai and Hangzhou, for a term commencing from the date of the 2020 Landscape Engineering Services Framework Agreement and ended on 31 December 2022 (both days inclusive).

Xiujing Landscape was, at the date of entering into the 2020 Landscape Engineering Services Framework Agreement, owned as to 99% by Mr. Ou, an executive Director, a controlling shareholder, the chief executive officer of the Company and the chairman of the Board, and 1% by Mr. Ou Guopeng, the son of Mr. Ou. As Xiujing Landscape was an associate (as defined in the Listing Rules) of Mr. Ou, it was therefore a connected person of the Company for the purposes of the Listing Rules. Accordingly, the provision of the Landscape Engineering Services by Xiujing Landscape pursuant to the 2020 Landscape Engineering Services Framework Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual caps under the 2020 Landscape Engineering Services Framework Agreement for the period from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) and ended on 31 December 2020 (both days inclusive), and each of the two years ended 31 December 2022 were RMB400 million, RMB500 million and RMB600 million, respectively. The actual transaction amount under the 2020 Landscape Engineering Services Framework Agreement for the year ended 31 December 2022 was RMB220,096,000.

For further details on the 2020 Landscape Engineering Services Framework Agreement, please refer to the announcements of the Company dated 10 January 2020 and 15 January 2020.

As the 2020 Landscape Engineering Services Framework Agreement expired on 31 December 2022 and since it was anticipated that the Group will continue to procure the Landscape Engineering Services from Xiujing Landscape, the Company entered into an agreement (the "**2023 Landscape Engineering Services Framework Agreement**") with Xiujing Landscape on 23 November 2022 to renew the 2020 Landscape Engineering Services Framework Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Pursuant to the 2023 Landscape Engineering Services Framework Agreement, the annual cap amounts for the Landscape Engineering Services for each of the three years ending 31 December 2025 are RMB150,000,000, RMB30,000,000 and RMB30,000,000, respectively.

For further details of the 2023 Landscape Engineering Services Framework Agreement, please refer to the announcements of the Company dated 23 November 2022 and 23 February 2023 and the circular of the Company dated 20 January 2023.

2. Master Ronshine Property Management and Related Services Agreement

The Company and Ronshine Service entered into an agreement on 3 November 2020 (the "**2020 Master Ronshine Property Management and Related Services Agreement**"), pursuant to which Ronshine Service and its subsidiaries (including Rongxin Shiou Property) will provide property management and related services to the properties owned or used by the Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by the Group, (iv) value-added services which primarily include house and facility repair and maintenance, marketing promotion, property agency services, and (v) commercial operational services (the "**Property Management and Related Services**"). The 2020 Master Ronshine Property Management and Related Services Agreement has a fixed term commencing from 3 November 2020 to 31 December 2022 (both days inclusive).

Report of Directors

Ronshine Service was, at the date of entering into the 2020 Master Ronshine Property Management and Related Services Agreement, indirectly owned as to 73.8% by Mr. Ou Zonghong, an executive Director, the chief executive officer of the Company and the chairman of the Board. As Ronshine Service was an associate (as defined in the Listing Rules) of Mr. Ou, Ronshine Service and its subsidiaries (including Rongxin Shiou Property) were connected persons of the Company for the purposes of the Listing Rules. Accordingly, the provision of the Property Management and Related Services by Ronshine Service and its subsidiaries pursuant to the 2020 Master Ronshine Property Management and Related Services Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual caps under the 2020 Master Ronshine Property Management and Related Services Agreement for the period from 3 November 2020 till 31 December 2020 and for each of the two years ended 31 December 2022 were RMB62 million, RMB342 million and RMB368 million, respectively. The actual transaction amount under the 2020 Master Ronshine Property Management and Related Services Agreement for the year ended 31 December 2022 was RMB147,785,000.

For further details, please refer to the announcement of the Company dated 3 November 2020.

As the 2020 Master Ronshine Property Management and Related Services Agreement expired on 31 December 2022 and since it was anticipated that the Group will continue to procure the Property Management and Related Services from Ronshine Service and its subsidiaries, the Company entered into an agreement (the "**2023 Master Ronshine Property Management and Related Services Agreement**") with Ronshine Service on 23 November 2022 to renew the 2020 Master Ronshine Property Management and Related Services Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Pursuant to the 2023 Master Ronshine Property Management and Related Services Agreement, the annual cap amounts for the Property Management and Related Services for each of the three years ending 31 December 2025 are RMB150,000,000, RMB150,000,000 and RMB150,000,000, respectively.

For further details of the 2023 Master Ronshine Property Management and Related Services Agreement, please refer to the announcements of the Company dated 23 November 2022 and 23 February 2023 and the circular of the Company dated 20 January 2023.

Annual review

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Elite Partners CPA Limited ("**Elite Partners**"), the Company's independent auditor, was engaged to report on the Group's continuing connected transactions in accordance with "Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

A copy of the independent auditor's letter has been provided by the auditor to the Company, and has been submitted to the Stock Exchange.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 December 2022 is contained in note 35 to the consolidated financial statements of the Group in this annual report. The transactions summarised in note 35 to the consolidated financial statements of the Group fall under the definition of "connected transactions" under the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save for (i) the Arrangement as disclosed in the section headed "Management Discussion and Analysis — Pledge of Shares by Controlling Shareholder" in this annual report; (ii) the transactions as disclosed in note 35 to the consolidated financial statements of the Group in this annual report; and (iii) the transactions as disclosed in the paragraphs headed "Directors' Interests in Competing Business" and "Continuing Connected Transactions" in this section, no Director or controlling shareholder of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2022.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

Principal risks and uncertainties facing the Group includes, among others, that:

(i) the Group is and will continue to be dependent on the performance of its PRC property sector;

(ii) the Group may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs;

(iii) the Group has substantial indebtedness and may incur additional indebtedness in the future, and may not be able to generate sufficient cash to satisfy its outstanding and future debt obligations and to fund its capital expenditures;

(iv) the results of operations of the Group may fluctuate due to factors such as the schedule of the Group's property development and the timing of property sales;

(v) the Group may not be able to complete its projects according to schedule;

(vi) the Group has significant cash outflow from operations and may not be able to timely obtain sufficient financing to fund the Group's land acquisitions or property developments; and

(vii) the Group is subject to certain restrictive covenants in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect the Group's business, results of operations and financial condition.

For further details of the principal risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" on pages 35 to 70 in the Prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group.

As at 31 December 2022, save as disclosed in the section headed "Corporate Governance Report — Non-compliance with the Listing Rules" and except as disclosed in the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at 31 December 2022, the Company's joint ventures and associates companies were not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the "**Share Option Scheme**") on 28 December 2015. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(2) Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively, the "**Eligible Participants**"):

(i) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any members of the Group; and

(ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any members of the Group.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares. 135,000,000 Shares represents approximately 8.02% of the total number of Shares in issue as at 31 December 2022.

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(5) **Time of acceptance and exercise of option**

An option may be accepted by a participant to whom the offer is made within five business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(6) **Subscription price for Shares and consideration for the option**

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering (as defined in the Prospectus) shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK$1 is payable upon acceptance of the grant of an option.

(7) **The remaining life of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015. As at the date of this annual report, the remaining life of the Share Option Scheme is approximately 2 years and 8 months.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — Other information — Share Option Scheme" in Appendix V to the Prospectus.

Details of the Share Option Granted

On 5 January 2017, 81,140,880 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK$5.96 per Share, exercisable from 5 January 2018 to 4 January 2022 in three tranches: (i) 30% of which shall be vested on the first anniversary of the date of grant, i.e. 5 January 2018; (ii) another 30% of which shall be vested on the second anniversary of the date of grant, i.e. 5 January 2019; and (iii) the remaining of which shall be vested on the third anniversary of the date of grant, i.e. 5 January 2020. The closing price per Share immediately before the date on which such share options were granted was HK$5.98.

On 30 April 2019, a total of 26,571,973 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK$10.80 per Share, and all the options granted on 30 April 2019 shall be vested on 5 January 2020 and exercisable from 5 January 2020 to 4 January 2022. The closing price per Share immediately before the date on which such share options were granted was HK$10.82.

As at 31 December 2022, there were no outstanding share options under the Share Option Scheme. Movements in the share options granted under the Share Option Scheme during the year ended 31 December 2022 were as follows:

					Changes during the year ended 31 December 2022				
Name of grantees	Date of grant	Exercise price per share (HK$)	Exercise periods	Balance as at 1 January 2022	Granted	Exercised	Cancelled	Lapsed	Balance as at 31 December 2022
Directors									
Ms. Yu Lijuan	5 January 2017	5.96	5 January 2018 to 4 January 2022 (Note 1)	1,032,756	–	–	–	1,032,756	0
	30 April 2019	10.80	5 January 2020 to 4 January 2022 (Note 2)	1,319,380	–	–	–	1,319,380	0
Ms. Zeng Feiyan	5 January 2017	5.96	5 January 2018 to 4 January 2022 (Note 1)	3,821,205	–	–	–	3,821,205	0
Mr. Ruan Youzhi (Note 4)	5 January 2017	5.96	5 January 2018 to 4 January 2022 (Note 1)	4,624,205	–	–	–	4,624,205	0
Mr. Zhang Lixin	5 January 2017	5.96	5 January 2018 to 4 January 2022 (Note 1)	1,102,256	–	–	–	1,102,256	0
	30 April 2019	10.80	5 January 2020 to 4 January 2022 (Note 2)	1,319,380	–	–	–	1,319,380	0
Others									
Mr. Ou Guofei (Note 3)	30 April 2019	10.80	5 January 2020 to 4 January 2022 (Note 2)	1,244,480	–	–	–	1,244,480	0
Other employees	5 January 2017	5.96	5 January 2018 to 4 January 2022 (Note 1)	7,794,895	–	–	–	7,794,895	0
	30 April 2019	10.80	5 January 2020 to 4 January 2022 (Note 2)	14,180,039	–	–	–	14,180,039	0
Total				36,438,596	–	–	–	36,438,596	0

Note:

(1) In respect of each grantee, the share options granted shall be vested in three tranches: (i) 30% of which shall be vested on the first anniversary of the date of grant, i.e. 5 January 2018; (ii) another 30% of which shall be vested on the second anniversary of the date of grant, i.e. 5 January 2019; and (iii) the remaining of which shall be vested on the third anniversary of the date of grant, i.e. 5 January 2020.

(2) In respect of each grantee, 100% of the share options granted shall be vested on 5 January 2020.

(3) Mr. Ou Guofei is the son of Mr. Ou, an executive Director, the chief executive officer of the Company and the chairman of the Board, and therefore is an associate of Mr. Ou.

(4) Mr. Ruan Youzhi ceased to be a Director with effect from 15 August 2022.

Save as disclosed above, no option was granted or agreed to be granted under the Share Option Scheme during the year ended 31 December 2022.

The aggregate number of options available for grant under the Share Option Scheme as at 1 January 2022 and 31 December 2022 is set out below:

	As at 1 January 2022	As at 31 December 2022
Number of options available for grant under the Share Option Scheme	112,260,583	112,260,583

SHARE AWARD SCHEME

The Company currently has not adopted any share award scheme.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2022.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme", at no time during the year ended 31 December 2022 were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no subsisting arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE AND REDEMPTION OF SECURITIES OF THE COMPANY

During the year ended 31 December 2022, the Company did not repurchase its shares, but had made partial repurchases of its senior notes in the open market as follows:

unit: USD

Senior notes	ISIN	Principal amount of senior notes being repurchased during the year	Cumulative principal amount of senior notes being repurchased	Aggregate principal amount of senior notes originally issued	Cumulative repurchased notes as a percentage of the senior notes originally issued
10.5% senior notes due 2022	XS1957481440	200,273,000	243,783,000	500,000,000	48.76%
8.95% senior notes due 2023	XS2031469732	2,000,000	7,000,000	420,000,000	1.67%
7.1% senior notes due 2025	XS2290308845	5,600,000	55,100,000	300,000,000	18.37%
Total		**207,873,000**	**305,883,000**	**1,220,000,000**	

The Group had also repaid the outstanding portion of the Notes and the ABS upon their maturity. Please refer to the section headed "Management Discussion and Analysis — Financing Activities" in this annual report for further details.

Save as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "**Model Code**"), are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
Mr. Ou Zonghong (Note 2)	Beneficiary of a trust	1,097,137,411 (L)	65.17%
Ms. Yu Lijuan	Beneficial owner	169,418 (L)	0.01%

Notes:

(1) As at 31 December 2022, the Company issued 1,683,431,417 Shares. The letter (L) denotes the person's long position in the relevant Shares.

(2) Mr. Ou Zonghong is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou) as the settlor with Mr. Ou being the protector and TMF (Cayman) Ltd. as the trustee. As at 31 December 2022, TMF (Cayman) Ltd. owned all the issued shares in Honesty Global Holdings Limited, which in turn owned all the issued shares in Dingxin Company Limited, which in turn held 1,097,137,411 Shares.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 31 December 2022, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company:

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
Dingxin Company Limited (Note 2)	Beneficial owner	1,097,137,411 (L)	65.17%
Honesty Global Holdings Limited (Note 2)	Interest in controlled corporation	1,097,137,411 (L)	65.17%
TMF (Cayman) Ltd. (Note 2)	Trustee of a trust	1,097,137,411 (L)	65.17%
Mr. Ou Guofei (Notes 2, 3)	Settlor of a trust	1,097,137,411 (L)	65.17%
Ms. Xu Lixiang (Note 4)	Beneficiary of a trust/ Interest of spouse	1,097,137,411 (L)	65.17%

Notes:

(1) As at 31 December 2022, the Company issued 1,683,431,417 Shares. The letter (L) denotes the person's long position in the relevant Shares.

(2) Dingxin Company Limited is wholly owned by Honesty Global Holdings Limited, which in turn is wholly owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.

(3) Mr. Ou Guofei is the son of Mr. Ou Zonghong.

(4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

Save as disclosed above, as at 31 December 2022, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the law of Cayman Islands being the jurisdiction in which the Company was incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group employed a total of 1,215 full-time employees (31 December 2021: 2,449 full-time employees). For the year ended 31 December 2022, the staff cost recognised by the Group amounted to approximately RMB293.17 million (31 December 2021: approximately RMB883.49 million).

The remuneration policy of the Group is to provide the employees with remuneration packages including salary, bonuses and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary rises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic and specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2022, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

The Board will review and determine the remuneration and compensation packages of the Directors and senior management with the recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

RETIREMENT BENEFITS SCHEME

The Group strictly complies with the requirements of the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) (the "**MPFSO**") in making mandatory contributions for employees who are required to participate in the Mandatory Provident Fund (the "**MPF Scheme**") in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the MPFSO. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no provisions under the above schemes whereby forfeited contributions may be used to reduce future contributions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Protection

The Group is subject to a number of environmental-related laws and regulations in the PRC including the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, the Group has engaged independent third-party environmental consultants to conduct environmental impact assessments at all of the construction projects of the Group, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, the Group is required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities' acceptance. Only property development projects which have passed such examination and acceptance can be delivered. Under the typical construction contracts of the Group, the Group requires its contractors to strictly comply with relevant environmental-related laws and regulations. The Group inspects the construction sites regularly and require its contractors to immediately rectify any default or non-compliance identified.

During the year ended 31 December 2022, the Group incurred RMB0.81 million as cost for compliance with applicable environmental rules and regulations (2021: RMB0.84 million). The Directors expect that the Group will continue to incur compliance costs with respect to applicable environmental rules and regulations at a similar level. As at 31 December 2022, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental authorities upon completion of the property development projects of the Group. During the year ended 31 December 2022, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at 31 December 2022, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

Social Responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC laws and regulations.

Health and Work Safety

The employee's administrative measures adopted by the Group contain policies and procedures regarding work safety and occupational health issues. The Group provides its employees with annual medical checks and safety training, and the construction sites of the Group are equipped with safety equipments including gloves, boots and hats.

The chairman's office of the Group is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the year ended 31 December 2022, the Group did not encounter any material safety accident. There were no material claims for personal or property damages, and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

INDEMNITY AND INSURANCE PROVISIONS

The Articles of Association provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors during the year ended 31 December 2022.

EQUITY LINKED AGREEMENTS

Save for the Share Option Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year ended 31 December 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules for the year ended 31 December 2022 and up to the date of this annual report.

CHARITABLE DONATIONS

During the year ended 31 December 2022, the Group made charitable and other donations in a total amount of RMB3.67 million (2021: RMB20.89 million).

AUDITOR

PricewaterhouseCoopers ("**PwC**") resigned as auditor of the Company with effect from 18 March 2022 and Elite Partners was then appointed as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements of the Group for the year ended 31 December 2022 have been audited by Elite Partners, the auditor of the Company, who shall retire and, being eligible, have offered themselves for reappointment at the AGM. A resolution will be proposed at the AGM for the re-appointment of Elite Partners as the auditor of the Company.

Save as disclosed above, there has been no change in the external auditor of the Company in the preceding three years.

PROFESSIONAL TAX ADVICE RECOMMENDED

The Directors are not aware of tax relief exemption available to the Shareholders by reason of their holding in the Company's listed securities.

If Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

For and on behalf of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 31 March 2023

CORPORATE GOVERNANCE REPORT

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Board is pleased in presenting this Corporate Governance Report for the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the "**Corporate Governance Code**") contained in Part 2 of Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2022, save and except for the deviation from code provision C.2.1 of the Corporate Governance Code as disclosed below.

Code provision C.2.1 of the Corporate Governance Code provides that the roles of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou continues to act as the chairman and chief executive officer of the Group, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, the non-executive Director and independent non-executive Directors.

Non-compliance with the Listing Rules

On 22 July 2022, Mr. Qu Wenzhou ("**Mr. Qu**") resigned as an independent non-executive Director of the Company as he wishes to devote more time to his other commitments. Following his resignation, the Company failed to meet the following requirements: (i) the requirement that the Board shall comprise a minimum of three independent non-executive Directors, at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise (the "**Relevant Qualification**"), and independent non-executive Directors shall represent at least one-third of the Board under Rule 3.10(1), 3.10(2) and 3.10A of the Listing Rules; (ii) the requirement under Rule 3.21 of the Listing Rules and the terms of reference of the Audit Committee that the Audit Committee must comprise a minimum of three members, at least one of whom is an independent non-executive Director with the Relevant Qualification as required under Rule 3.10(2) of the Listing Rules and shall have a chairman; (iii) the requirement that the Remuneration Committee shall comprise a minimum of three members, and a majority of whom must be independent non-executive Directors under Rule 3.25 of the Listing Rules and the terms of reference of the Remuneration Committee; and (iv) the requirement that the Nomination Committee shall comprise a majority of independent non-executive Directors under Rule 3.27A of the Listing Rules and shall comprise a minimum of three members under the terms of reference of the Nomination Committee.

On 15 August 2022, Mr. Ruan Youzhi resigned as an executive Director as he wishes to devote more time to his other commitments. On the same date, Mr. Wu Jianxing (吳建興) ("**Mr. Wu**") was appointed as an executive Director and Mr. He Jiarong (何嘉榮) ("**Mr. He**") was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. Following the appointment of Mr. Wu and Mr. He, the Board has nine directors, three of whom are independent non-executive Directors. Accordingly, the Company had re-complied with the requirements of Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

For further details, please refer to the announcements of the Company dated 22 July 2022 and 15 August 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2022.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, by-laws, laws, rules and regulations. The Company will continue to arrange regular seminars to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge his/her duty.

For the year ended 31 December 2022, each of the Directors has attended training in connection with his/her responsibilities as a Director, and the attendance of each Director is set out in the table below:

Name of Director	Types of training (Note 1)	Subject of training (Note 2)
Executive Directors		
Mr. Ou Zonghong	1, 2	A, B
Ms. Yu Lijuan	1, 2	A, B
Ms. Zeng Feiyan	1, 2	A, B
Mr. Wu Jianxing	1, 2	A, B
Mr. Zhang Lixin	1, 2	A, B
Non-executive Director		
Mr. Li Shupei	1, 2	A, B
Independent non-executive Directors		
Mr. Ren Yunan	1, 2	A, B
Mr. He Jiarong	1, 2	A, B
Mr. Ruan Weifeng	1, 2	A, B

Note 1:
1. Attending in-house briefing/training, seminars, conferences or forums
2. Reading newspapers, journals and updates

Note 2:
A: Businesses related to the Company
B: Laws, rules and regulations, accounting standards

THE BOARD

1. Responsibilities

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various committees and has delegated to the Audit Committee, the Remuneration Committee, and the Nomination Committee of the Board (collectively, the "**Board Committees**") various duties. All the Board Committees perform their distinct roles in accordance with their respective written terms of reference.

All Directors shall at all times ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders.

2. Board Composition

The composition of the Board during the year ended 31 December 2022 and up to the date of this annual report are as follows:

Executive Directors	Mr. Ou Zonghong *(Chairman and Chief Executive Officer)* Ms. Yu Lijuan Ms. Zeng Feiyan Mr. Wu Jianxing (appointed on 15 August 2022) Mr. Ruan Youzhi (resigned on 15 August 2022) Mr. Zhang Lixin *(Chief Financial Officer)*
Non-executive Director	Mr. Li Shupei (appointed on 4 November 2022) Ms. Chen Shucui (resigned on 4 November 2022)
Independent non-executive Directors	Mr. Ren Yunan Mr. He Jiarong (appointed on 15 August 2022) Mr. Qu Wenzhou (resigned on 22 July 2022) Mr. Ruan Weifeng

There is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this annual report. All the Directors, including the independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Save for the period between 22 July 2022 and 15 August 2022, the Board had at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules by the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Save as disclosed above, the Company also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Each of the non-executive Directors (including the independent non-executive Directors) has entered into an appointment letter with the Company for a term of three years.

3. Independence Mechanisms

The Company has in place mechanisms to ensure independent views and input are available to the Board. The Board shall comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement. Each independent non-executive Director is required to provide an annual confirmation of his/her independence to the Company and the Nomination Committee is responsible to assess the independence and time commitment of each independent non-executive Director at least annually.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. To facilitate proper discharge of their duties, all the Directors are entitled to seek advice from the company secretary of the Company or, upon reasonable request, seek independent professional advice at the Company's expense. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2022.

4. Board Meetings

Code provision C.5.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, 14 days' notice is given. The agenda and accompanying board papers are despatched to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and committee meetings are recorded in detail and include the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments. Apart from regular Board meetings, the chairman also held a meeting solely with the non-executive Directors (including independent non-executive Directors) during the year ended 31 December 2022.

The Board convened one general meeting and nine Board meetings during the year ended 31 December 2022. The table below sets forth the details of the attendance at these meetings:

Name of Director	Number of meetings attended/ held during tenure: Board meetings	Annual general meeting
Executive Directors		
Mr. Ou Zonghong	9/9	1/1
Ms. Yu Lijuan	9/9	1/1
Ms. Zeng Feiyan	9/9	1/1
Mr. Wu Jianxing (Note 1)	4/4	0/0
Mr. Ruan Youzhi (Note 2)	5/5	1/1
Mr. Zhang Lixin	9/9	1/1
Non-executive Director		
Mr. Li Shupei (Note 3)	2/2	0/0
Ms. Chen Shucui (Note 4)	4/7	1/1
Independent non-executive Directors		
Mr. Ren Yunan	9/9	1/1
Mr. He Jiarong (Note 5)	4/4	0/0
Mr. Qu Wenzhou (Note 6)	4/4	1/1
Mr. Ruan Weifeng	9/9	1/1

Notes:

(1) Mr. Wu Jianxing was appointed as an executive Director on 15 August 2022.

(2) Mr. Ruan Youzhi resigned as an executive Director on 15 August 2022.

(3) Mr. Li Shupei was appointed as a non-executive Director on 4 November 2022.

(4) Ms. Chen Shucui resigned as a non-executive Director on 4 November 2022.

(5) Mr. He Jiarong was appointed as an independent non-executive Director on 15 August 2022.

(6) Mr. Qu Wenzhou resigned as an independent non-executive Director on 22 July 2022.

BOARD COMMITTEES

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of these committees will report their findings and recommendations to the Board after each meeting.

1. Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems and internal audit function of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

During the year, the Company adopted a whistleblowing policy in order to allow its employees to raise concerns, in confidence, with the Audit Committee about possible improprieties related to the Company or to report alleged malpractices or misconduct pertaining to the Company. The audit committee of the Group has the overall responsibility of the policy such as monitoring and reviewing the operation of the policy and providing recommendations for action resulting from the investigations.

The Audit Committee currently consists of three members, namely Mr. He Jiarong, Mr. Ren Yunan and Mr. Ruan Weifeng, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. He Jiarong who possesses appropriate professional qualifications.

The Audit Committee convened four meetings during the year ended 31 December 2022. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held during tenure
Mr. He Jiarong *(Chairman)* (appointed on 15 August 2022)	1/1
Mr. Qu Wenzhou (resigned on 22 July 2022)	3/3
Mr. Ren Yunan	4/4
Mr. Ruan Weifeng	4/4

At the above meetings, members of the Audit Committee have reviewed the audited annual results of the Group for the year ended 31 December 2021 and the unaudited interim results of the Group for the six months ended 30 June 2022. The Audit Committee have also considered the change of auditors of the Company and made recommendations to the Board, and reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and internal audit function of the Group, connected transactions of the Company, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed, and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2022.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2022 and has recommended the Board to re-appoint Elite Partners as the auditor of the Company for the year ending 31 December 2023, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee during the year ended 31 December 2022 included, among others, the following:

- considered the change of auditors of the Company in March 2022 and made recommendations to the Board;
- reviewed the interim and annual consolidated financial statements of the Group;
- reviewed the cash flow projections and monitored the Group's overall financial condition;
- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;
- reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;
- reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and
- met with the external auditor in the absence of executive Directors and senior management to discuss matters in relation to the audit.

2. Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Remuneration Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Board on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, to make recommendation to the Board on the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time. The Remuneration Committee currently consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Ren Yunan and Mr. He Jiarong, independent non-executive Directors. The chairman of the Remuneration Committee is Mr. Ren Yunan.

The Remuneration Committee convened two meetings during the year ended 31 December 2022. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held during tenure
Mr. Ren Yunan *(Chairman)*	2/2
Mr. Ou Zonghong	2/2
Mr. He Jiarong (appointed on 15 August 2022)	1/1
Mr. Qu Wenzhou (resigned on 22 July 2022)	1/1

The major work performed by the Remuneration Committee during the year ended 31 December 2022 included, among others reviewing and making recommendation to the Board on the remuneration of the Directors and the senior management of the Group for the year ended 31 December 2022.

The Company has put in place a Directors' remuneration policy to determine the remuneration packages of Directors to ensure that there is an appropriate level of remuneration to attract and retain experienced people of high calibre to oversee the Group's business and development.

The remuneration of Directors is reviewed at least annually and determined with reference to the skills and knowledge of the Directors, their job responsibilities and level of involvement in the Group's affairs, corporate performance, individual performance as well as prevailing market conditions. Remuneration comprise Directors' fees, salaries and other benefits, discretionary bonuses and retirement benefit contributions.

The senior management of the Group also act as executive Directors. Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2022 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

3. Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of the independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors and succession planning for the Directors.

As set out in the nomination policy adopted by the Board pursuant to the Corporate Governance Code, in assessing the suitability of a proposed candidate, the following factors would be considered:

- Reputation for integrity
- Accomplishment and experience
- Compliance with legal and regulatory requirements
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

In assessing the Board composition, the Nomination Committee will take into account various aspects set out in the Board diversity policy (the "**Board Diversity Policy**"), for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

As set out in the nomination policy, the nomination procedure is as follows:

(1) The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

(2) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

(3) Pursuant to the Articles of Association, a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting who wish to recommend a candidate for election to the office of Director at any general meeting must submit a signed written notice, for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company, provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

(4) A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

(5) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting of the Company.

The Nomination Committee currently consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. He Jiarong and Mr. Ruan Weifeng, the independent non-executive Directors. The chairman of the Nomination Committee is Mr. Ou Zonghong.

The Nomination Committee convened two meetings during the year ended 31 December 2022. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held during tenure
Mr. Ou Zonghong *(Chairman)*	2/2
Mr. He Jiarong (appointed on 15 August 2022)	1/1
Mr. Qu Wenzhou (resigned on 22 July 2022)	1/1
Mr. Ruan Weifeng	2/2

The works performed by the Nomination Committee during the year ended 31 December 2022 included, among others, the following:

- reviewed the structure, size and composition of the Board;
- assessed the independence of the independent non-executive Directors; and
- made recommendations to the Board on the appointment and re-appointment of Directors.

BOARD DIVERSITY POLICY

The Company has adopted the Board Diversity Policy to assess the composition of the Board. The Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. In assessing the Board composition, the Nomination Committee takes into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

In 2020, pursuant to Rule 13.92 of the Listing Rules, the Board amended the Board Diversity Policy at a Board meeting. A summary of the amended Board Diversity Policy is set out below:

The Nomination Committee has primary responsibility for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships while taking into account diversity. The selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Nomination Committee will consider the diversity perspectives set out in the Board Diversity Policy to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. As a measurable objective for the implementation of the Board Diversity Policy, all Board appointments shall be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board without focusing on a single diversity aspect.

The Board currently comprises two female Directors and seven male Directors. The Directors also have a balanced mix of knowledge, skills and experience, including property development, overall business management, finance and investment. They have obtained tertiary degrees in various majors including administrative management, accounting, telecommunications engineering, management, economics and law. The Board has three independent non-executive Directors who have different industry backgrounds, representing over one-third of the Board.

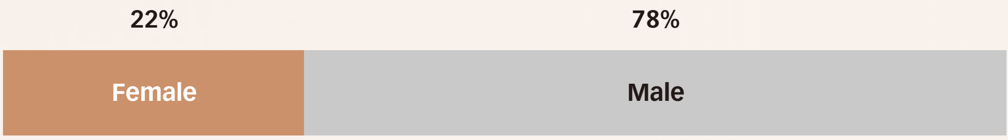
Taking into account the Group's business model and specific needs as well as the presence of two female Directors out of a total of nine Board members, the Directors consider that the Board has achieved the measurable objectives under the Board Diversity Policy during the year ended 31 December 2022. The Company has taken and will continue to take steps to promote gender diversity at all levels of the Group, and targets to maintain at least the current level of female representation at the Board and senior management levels.

Corporate Governance Report

The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity.

As at 31 December 2022, the Board diversification in terms of gender and age group is set out below:

Gender



Age Group

DIVERSITY AT WORKFORCE LEVEL

The gender ratio in the workforce of the Group, including senior management, as at 31 December 2022 is set out below:

	Number of persons	Percentage of total workforce
Male	748	62%
Female	467	38%

The Group advocates fairness and equity and provides an equal opportunity work environment for its employees, and encourages gender diversity across its workplace. To achieve diversity at workforce level, the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates are considered. The Group has also established talent management and training programs to provide career development guidance and promotion opportunities to develop a broad and diverse pool of skilled and experienced employees. The Group will continue to make ways in achieving gender diversity in the workforce (including senior management) with a target of maintaining a balanced gender mix. During the year under review, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

DIVIDEND POLICY

According to the dividend policy of the Company, the Company may, subject to the Cayman Companies Act, from time to time in general meetings declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

The Board has the discretion to declare dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and taking into consideration factors set out below:

(i) financial results;

(ii) cash flow situation;

(iii) business conditions and strategies;

(iv) future operations and earnings;

(v) capital requirements and expenditure plans;

(vi) Shareholders' interest;

(vii) any restrictions on payment of dividends; and

(viii) any other factors that the Board may deem relevant.

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Cayman Companies Act, any applicable laws, rules and regulations and the Articles of Association.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code.

During the year ended 31 December 2022, the Board held two meetings to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

AUDITOR'S REMUNERATION

As disclosed in the section headed "Management discussion and analysis — Significant events after the reporting period", PwC resigned as auditor of the Company with effect from 18 March 2022. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of Elite Partners as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. For further details, please refer to the announcements of the Company dated 21 March 2022.

The statements made by Elite Partners regarding its responsibilities of reporting for the financial statements are set out in the section headed "Independent Auditor's Report" in this annual report.

Details of the fees paid/payable in respect of the audit and non-audit services provided by the external auditor of the Company for the year ended 31 December 2022 are set out in the table below:

Services rendered	RMB million
Audit and related services:	3.0
Non-audit services:	
– Interim review fees	1.5

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2022 which give a true and fair view of the state of affairs of the Group and of the results and cash flow for the relevant period. The Directors consider that the consolidated financial statements of the Group for the year ended 31 December 2022 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. As disclosed in note 2.1(c) to the consolidated financial statements, certain events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Directors, having considered the Group's cash flow projections prepared by the management of the Company, which cover a period of not less than twelve months from 31 December 2022, and the plans and measures with the objective to mitigate the liquidity pressure and to improve the financial position of the Group, are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. Please refer to note 2.1(c) to the consolidated financial statements of the Group contained in this annual report for further details. The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness.

The Company continues to adopt best practices and industry standards for risk management and internal control. The Group's risk management and internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Day-to-day departmental operations are entrusted to individual departments, which are accountable for their own conduct and performance and are required to operate their own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments in the department's business and of the implementation of the policies and strategies set by the Board on a regular basis.

Systems and procedures are also in place in the Group to identify, control and report on the major types of risks the Group encounters. Each department is responsible for the assessment of individual types of risk arising under their areas of responsibility. Relevant risks identified are reported to the Board for oversight and monitoring. The Group's risk management systems are monitored and reviewed regularly by the Board.

The Audit Committee and the Board oversee the Group's risk management and internal control systems on an ongoing basis, and have reviewed the internal audit findings of the Group's from financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2022. The Board is satisfied that the internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget. The Board expects that the internal control and risk management systems will be reviewed annually.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Group has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. The framework and its effectiveness are subject to review by the Board on a regular basis.

INTERNAL AUDIT

The Group has an internal audit function. The primary role of the internal audit function is to help the Board and the senior management of the Group to protect the assets, reputation and sustainability of the Group. The internal audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by the Company's management, is adequate. The internal audit function of the Group is independent of the risk management and internal control systems of the Group.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

COMMUNICATION WITH SHAREHOLDERS

The Company has in place a shareholders' communication policy to ensure that the views and concerns of Shareholders are appropriate addressed. The Company is committed to pursuing active dialogue with the Shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its Shareholders, investors and other stakeholders. Annual general meeting of the Company serves as an effective forum for communication between the Shareholders and the Board. Notice of annual general meeting together with the meeting materials will be despatched to all Shareholders not less than 21 clear days and not less than 20 clear business days before the annual general meeting. As one of the measures to safeguard the Shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for the Shareholders' consideration and voting. In addition, the Company regards annual general meeting as an important event, and all Directors, the chairmen of all Board Committees, senior management and external auditor will attend the annual general meeting of the Company to address the Shareholders' inquiries. If the chairman of the Board or the chairman of each Board Committee fail to attend the meeting, then other members of each Board Committee will be invited to attend the annual general meeting and answer the Shareholders' inquiries thereat. All resolutions proposed at general meetings will be voted by poll. The voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com) on the same day of the relevant general meetings.

To promote effective communication, the Company maintains a website (www.rongxingroup.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

During the year ended 31 December 2022, an annual general meeting of the Company was held on 30 June 2022 at which all the then Directors attended either by person or by means of electronic facilities to communicate with the Shareholders. In addition, all corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. The Board considers that the shareholders communication policy is effective during the year under review.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at the general meetings of the Company shall at all times have the rights, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to process to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing the Shareholders to propose new resolutions at the general meetings under the Articles of Association and the Cayman Companies Act. However, the Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations which contact details are as follows:

Address:	Room 1210, 12/F ICBC Tower 3 Garden Road Central Hong Kong
Tel:	(852) 2115 9680
Fax:	(852) 2115 9626
Email:	ir@rxgcn.com

JOINT COMPANY SECRETARIES

Ms. Ng Wing Shan resigned as a joint company secretary of the Company with effect from 31 March 2022. On the same date, Ms. Lee Angel Pui Shan was appointed as a joint company secretary.

Currently, Mr. Yu Zuoyi and Ms. Lee Angel Pui Shan are the joint company secretaries of the Company. Ms. Lee Angel Pui Shan is a corporate secretarial executive of SWCS and is not an employee of the Company. The current primary contact person of the Company with Ms. Lee Angel Pui Shan is Mr. Yu Zuoyi, another joint company secretary of the Company.

In compliance with Rule 3.29 of the Listing Rules, each of them has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2022.

For further details of Mr. Yu Zuoyi and Ms. Lee Angel Pui Shan, please refer to the biographical details disclosed in the section headed "Directors and Senior Management" in this annual report.

AMENDMENT TO THE ARTICLES OF ASSOCIATIONS

During the year ended 31 December 2022, the Company has not made any amendments to the Memorandum and Articles of Associations.

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, the listed issuers to adopt a uniform set of 14 "Core Standards" for shareholder protections for the issuers. As such, the Board proposes to make certain amendments to the Memorandum and Articles of Association for the purpose of, among others, (i) bringing the Memorandum and Articles of Association in line with the amendments made to the Listing Rules and the applicable law and procedures of the Cayman Islands; and (ii) making other consequential and housekeeping amendments to the Memorandum and Articles of Association. The Board also proposes to adopt the amended and restated Memorandum and Articles of Association in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association. At the upcoming AGM, a special resolution will be proposed for the Shareholders to consider and, if thought fit, approve the proposed adoption of a new set of amended and restated Memorandum and Articles of Association incorporating the Proposed Amendments in substitution for and to the exclusion of the existing Memorandum and Articles of Association.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 ABOUT THIS REPORT

This is the seventh Environmental, Social and Governance Report (the "**ESG Report**" or "**Report**") released by Ronshine China Holdings Limited (the "**Company**", "**Ronshine**" or "**we/us**") and its subsidiaries (collectively, the "**Group**"), which summarises the performance of the Group's sustainability in the past year in response to the concerns and expectations of stakeholders on the Group's sustainability management.

Scope of the Report

The Report covers the Group's business segments including real estate development and asset management operations, from 1 January 2022 to 31 December 2022 (the "**Reporting Period**" or the "**Year**"). The environmental key performance indicators (KPIs) in the Report focus on the places of our core business operations, including our Shanghai head office, Fujian regional office, Shanghai-Suzhou regional office and Zhejiang regional office, while the social KPIs cover the entire Group. Further details about our performance in sustainable development can be found in the Sustainability Data Statements.

Criteria of the Report

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The contents covered herein comply with the "comply or explain" provisions as required in the Guide and the reporting principles of "materiality", "quantitative", "balance" and "consistency".

Materiality: The Report has identified and disclosed herein the process and criteria of selection of material ESG issues, as well as the process and results of stakeholders' participation.

Quantitative: Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained in the definition of the Report.

Balance: The Report shall provide an unbiased picture of the performance of the Group during the Reporting Period. It should avoid selections, omissions or presentation formats that may inappropriately influence the decision or judgment by the readers of the Report.

Consistency: The statistical methodologies applied to the data disclosed in the Report shall be consistent with the previous year unless otherwise specified.

Language of the Report

The Report is available in two languages, i.e. Traditional Chinese and English. In case of any discrepancy between the two versions, the Traditional Chinese version shall prevail.

Approval of the Report

The Report was approved by the Board on 30 May 2023 upon the confirmation by the management.

Feedback on the Report

The Group attaches great importance to your feedback on the Report. Should you have any queries or suggestions, please do not hesitate to contact us through the email address: ir@rxgcn.com.

2 OUR BELIEFS IN SUSTAINABLE DEVELOPMENT

The Group is committed to incorporating sustainable elements into its daily operations with the vision known as "A Leader in Quality Real Estate and A Service Provider for Better Life". Leveraged on our precise insights into the industry and market, we are focused on the real estate development and asset management operations. Ronshine has obtained 115 green building rating certifications so far and has obtained BB rating on MSCI ESG rating, which is an affirmation of our sustainable development and further demonstrates our stable and responsible image.

The Group's Performance in Sustainable Development in 2022:

Performance in Sustainable Development:

Awarded the Best ESG Award at the 6th "Golden Hong Kong Stock (金港股)" co-organized by Zhitong Caijing (智通財經) and 10JQKA.com (同花順財經)

Awarded the "2021 Influential Real Estate Brand (2021年度影響力地產品牌)" organized and presented by China Times (華夏時報社)

Building Projects:

Chengdu Century Manyun (成都世紀縵雲) project won the "2022 IDA Design Award"

Ronshine China Trend (融信海納新潮) won the "2022 Fujian Premium House with Craftsman Quality" presented by Leju Finance

Hangzhou Rivers Mansion (杭州江河盛會) won the "Platinum Award of the 2022 TITAN Property Award" presented by the International Awards Association (IAA)

Adhering to customer-centricity, valuing employees as the cornerstones and society-based accountability, we perform our social responsibility and focus on communication with global stakeholders, aiming to create long-term value for society and environment, shareholders, customers, employees and partners.

Environmental, Social and Governance Report

We continued to actively integrate Sustainable Development Goals (the "SDGs") into the business development of the Group, and kept exploring new journeys of sustainable development through brand value and ESG construction.

Core Value	Responding to SDGs Goals
Ronshine adheres to its vision of "becoming a quality property developer leader and a service provider for an ideal life" to improve the quality of urban living and build better lives.	
Ronshine upholds the concept of "people-oriented" and strives to protect the legitimate rights and interests of its employees with a commitment to developing its talent echelon, and provides comprehensive training for its core talent teams. The Group organizes a number of staff activities to enrich the spare time of our employees. We also communicate with our employees through various channels to understand their needs.	
On 19 August, the Building 4 of Hangzhou Liwang Xuan NEO1 (杭州厘望軒NEO1) project was awarded the WELL CERTIFIED GOLD certification jointly presented by the International WELL Building Institute (IWBI) and Green Business Certification Inc. (GBCI), making it the first finely decorated residential project in Hangzhou being awarded WELL CERTIFIED GOLD certification. We promoted green building certification, made efforts to reduce greenhouse gas emissions, and advocated and practised green office.	
Ronshine expects to use its own resources and advantages to promote the sustainable development of social welfare undertakings and contribute to our home country.	

2.1 Statement of the Board

The Board believes that good ESG governance is critical to the success of the Group. The Board has full responsibility for the Group's ESG approach, strategy and reporting, and strictly comply with relevant requirements set out in Appendix 27 to the Listing Rules of the Stock Exchange. We have established the ESG Task Force directly led by the Board. The ESG Task Force is responsible for managing the Group's ESG-related risks and promoting the implementation of ESG policies by various departments, so as to effectively monitor the Group's ESG issues. Under the leadership of the Board, the ESG Task Force regularly sorts out ESG-related information to track ESG performance. The Board reviews and confirms the results of the materiality assessment to understand the concerns and requirements of various stakeholders, to determine the Group's ESG management approach, strategy, priorities and objectives, and oversees and determines the key concerns for the Group's sustainable development. We will pay attention to the progress of our environmental objectives with an aim to ensure the implementation of actions to achieve these objectives.

2.2 ESG Governance

We established the ESG Task Force in 2020 to manage the ESG-related risks and ensure implementation of the relevant ESG policies across the Group. The ESG Task Force is coordinated by the Chief Executive Officer and the Company Secretary, and reports regularly to the Board to help assess the appropriateness and effectiveness of the Group's ESG risk management. During the Reporting Period, the Board oversaw the preparation and publication process of the ESG Report on an ongoing basis, and the ESG Report was reviewed and approved by the Board before publication.

Ronshine's ESG governance structure

The Board

Responsible for deciding and approving the Group's ESG management policies, strategies, plans, objectives and annual works, while regularly reviewing and monitoring the ESG performance and progress of achieving the objectives

ESG Task Force

Responsible for reviewing and monitoring the Group's ESG policies and practices to ensure compliance with relevant legal and regulatory requirements, and reporting regularly to the Board on the progress of the ESG works

Functional Departments

Responsible for the implementation of the Group's ESG management policies, strategies, plans, annual works and target deployment

2.3 Communication with Stakeholders

We firmly believe that the long-term interests and sustainable development of the Group are based on the support and trust from our stakeholders. We will actively maintain a close and harmonious relations with our stakeholders to listen to their views and expectations and respond appropriately to their needs in order to achieve long-term success. During the Reporting Period, the Group mainly communicated with its stakeholders through the following communication channels.

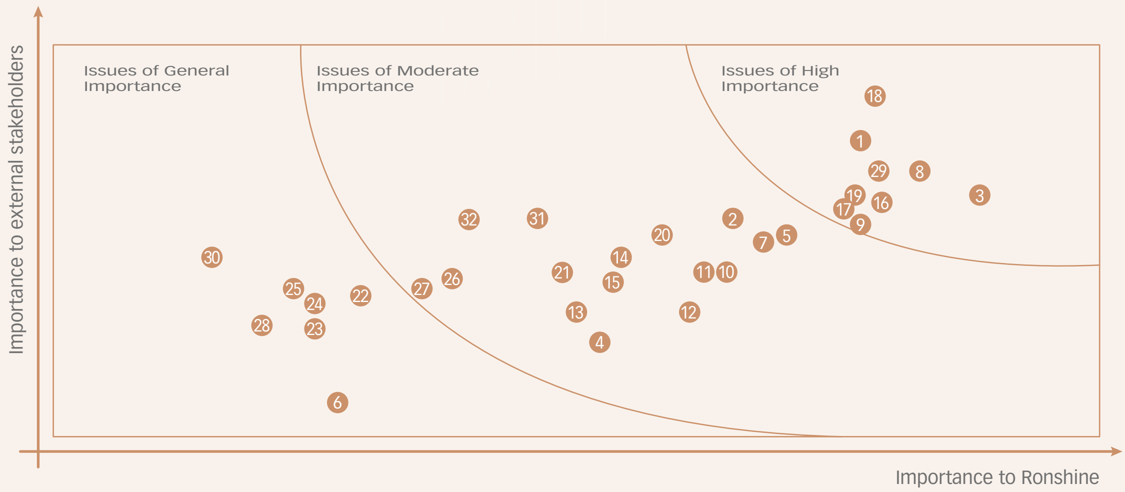
Major stakeholders	Communication methods	Major concerns/expectations
Shareholders and Investors	• Annual general meetings and other general meetings • Interim reports and annual reports • Results announcements • Investor meetings	• Economic performance • Corporate governance
Customers	• Customer satisfaction surveys and opinion forms • Customer consultation groups and customer service centers • Customer loyalty enhancing campaigns • Daily operation/communication and telephone/mailbox	• Quality assurance • Customers' rights and interests
Employees	• Employee opinion surveys • Performance appraisals • Special advisory committees/ symposiums • Seminars/workshops/lectures • Publications (such as employee communications), staff communication conferences • Volunteer activities • Staff intranet	• Employees' rights and interests • Trainings and development • Health and safety
Suppliers	• Supplier management procedure, conferences • Supplier/contractor evaluation system and onsite inspections	• Supply chain management

Major stakeholders	Communication methods	Major concerns/expectations
Business Partners	• Strategic cooperation projects • Exchange activities • Meetings and visits	• Business ethics
Government/ Industry Associations	• Organize industrial events, seminars and inspections	• Response to policies and participation in industry exchanges
Regulatory Authorities	• Meetings • Responses to public consultations • Compliance reports	• Compliance management
Green Groups	• Green buildings • Environmental information disclosure • Green Construction • Environmental protection groups	• Transparent information disclosure
Community/ Non-government Organizations	• Volunteer activities, donations • Community investment plans • Community activities as well as seminars/workshops/lectures	• Social responsibility
Media	• Press releases • Senior management interviews • Results announcements	• Transparent information disclosure
Public	• Media information • Our website • Group activities	• Social responsibility

2.4 Materiality Assessment

Ronshine invited internal and external stakeholders to conduct materiality assessment through online questionnaires in 2020. As (i) there were no significant changes in the business and operating environment during the Year, (ii) the materiality assessment results of the previous year still met the expectations of stakeholders and (iii) there were no significant changes in the ranking of materiality, during the year, the ESG Task Force and management reviewed materiality issues and confirmed that the materiality results continued to apply to the current year.

Materiality Matrix



Highly important issues			
Compliance with laws and regulations	Employee diversity, non-discrimination and equal opportunity	Anti-fraud and anti-corruption	Prevention of child labor and forced labor
Economic performance	Health and safety of products/services	Staff training and development	Green building opportunities
Occupational health and safety			

Moderately important issues			
Market competitiveness	Quality control	Customer privacy protection	Whistleblowing mechanism
Whistleblowing mechanism	Complaint handling and responding mechanism	Protecting intellectual property	Publicity and product service labels
Employment benefits (e.g., work hours, vacation, benefits, promotions)	Relationship between employers and employees	Qualifications and professional conduct	Energy consumption and efficiency
Responsible procurement (including assessment of suppliers' environmental and social performance)	Concerning the community	Community investment and involvement	Waste discharge and treatment
Use of material/resource			

Generally important issues			
Technology development and application	Greenhouse gas emissions	Water consumption and benefits	Exhaust emissions
Wastewater discharge and treatment	Climate change	Awareness of environmental protection of employees	

3 BRAND BUILDING

Ronshine Group strategically deploys to nine core urban agglomerations, namely the west coast of the Straits, the Yangtze River Delta, middle reaches of the Yangtze River, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Zhongyuan (Central Plain), Chengdu and Chongqing Region, Northwest China and Shandong Peninsula agglomerations. We adhere to the strategy of building medium and high-end products, respect the urban cultural fabric, insist on influencing cities with quality, gather the wisdom of international first-class architects and designers, and cooperate with famous contractors to create benchmark products that meet the needs of the local market. The following are our five key product series:

Century Series

With the series, we selected high-value and high-potential districts of a city and joined hands with top-notch design teams to create a modern artistic community with a distinctive taste from the perspectives of architectural aesthetics, intelligent technology and artistic community.

Haiyue Series

With this series, we explored the aesthetics of oriental humanistic architecture from the heights of history and humanistic values, and completely renewed the urban fabric and revolutionized the traditional way of living with the spirit of cultural confidence and cultural return.

Haina Series

With liberalism, vitalism and Polychromatism as the origin of design, our Haina Series combines Ronshine's 18 years of experience in human habitat construction with the global trend of human settlement, delivering a whole new upgrade in the type of flat, and the ideas of healthy living and artistic pleasure.

Lan Sky Series

Always appearing in the best part of the city, our Lan Sky Series integrates natural resources such as mountains, rivers, lakes and seas to create a new lifestyle supported by fine quality and garden-like communities.

Center Series

This series targets the location in the center of a city and aims at becoming the landmarks surrounded by offices, five-star hotels and commercial complexes to converge the values of the location, people and industries and power the development of the whole area.

The Group always advocates that "Product is the basis for enterprises to survive, superior product is vitality, superior product is core competitiveness". We have become a pioneer in the industry by building on our traditional development model and devoting ourselves to two major characteristic development models, i.e. "urban redevelopment" and "TOD". At the same time, we pay attention to product innovation and constantly improve the functions of homes with professionalism, dedication and concentration, so as to create a tasteful family life for owners.

Urban redevelopment: Exploring urban development and future life, the past, present and future of the city with culture, Ronshine is fortunate to participate in it with the attitude of "urban redevelopment".

TOD model: Ronshine creates an energy pool for living, transportation, business and office and culture in respect of people, city and life and empowers the city with the new urbanism of TOD development.

3.1 Building with Ingenuity

In response to the changing demands of the market, we always build our products with the attitude of respecting the market and our customers, and satisfying the needs of our customers is our tireless pursuit. The Group has always been committed to delivering quality products to improve the living environment for customers to enjoy a happy life. We will continue to reinforce our product quality and service strengths, and devote ourselves to high-performance sectors, in order to achieve quality growth.

Case study: hello community of Ronshine

With the triple positioning of "child-friendly community", "caring community for the elderly" and "neighbourhood coexistence community", Hello community of Ronshine has accomplished the evolution of Ronshine community in the new era following the logical direction of community planning and architectural design, combined with the redefinition of community service standards.

- Focusing on the development of children, we have planned age-specific themed playgrounds, safe and unpowered dabbling systems, nursing areas and outdoor sand pools for children to unleash their natural instinct for fun and have a wonderful childhood

- In view of the trend of "community-based elderly caring", we have planned various types of elderly recreational areas at various frequencies in public spaces such as landscaped gardens, empty spaces and clubhouses, and introduced social organisations and resources to offer customised courses to help the elderly integrate into society

- To reshape the harmonious relationship between neighbours in a new environment, we have opened up functional areas in the public space of our communities, such as shared community libraries, neighbourhood cinemas, flea market and neighbourhood bonding areas

We believe that community space shall not be limited to its 'functional' role, rather it shall be a spiritual forum that resonates with the hearts and minds of people of all ages.

We strictly abide by the laws and regulations such as the Product Quality Law of the People's Republic of China, the Construction Law of the People's Republic of China, and the Law on the Protection of Consumer Rights of the People's Republic of China. The Group has a series of quality standards and procedures to minimise quality and safety risks, improve project management standards and ensure timely delivery of projects. We have adopted a systematic project development and management process to enhance the efficiency and quality of work through the implementation of well-designed and standardized procedures in different project cycles. Each project must clearly delineate the responsibilities between the responsible personnel and the parties involved in the project. Our development and management process includes project review, project coordination, project design, procurement, model home development, construction, sales and delivery. Standardized procedures greatly enhance the quality of the Group's excellent product quality.

In order to enhance the project management standards, we prepared, prior to the initiation of the project, the "Project Planning and Management System of Ronshine Group" to facilitate the implementation of project management and planning at various stages by convening planning and assessment meetings, project commencement meetings, mid-term planning meetings and project delivery kick-off meetings.

During the construction stage, we will identify and eliminate quality risks as early as possible through a number of supporting documents such as engineering operation guidelines, leakage prevention and control standards, assessment and management system for works in progress and defect feedback systems, in order to improve quality standards and enhance the experience and satisfaction of property owners.

In order to enhance customer's satisfaction on our fine decoration projects, we have formulated the "Evaluation Management System for Fine Decoration Construction in Progress" and entrusted a professional third-party appraisal agency to carry out appraisal of the constructions in progress in the tender section. With the "Third-Party Appraisal Inspection Score Sheet" and the "Third-Party Appraisal Information Collection Sheet", we are able to minimise quality defects and avoid the risk of group complaints from customers. The appraisals cover aspects such as physical measurements, safety and civility, quality of entities and management practices. We prohibit conduct of all kinds that induce or interfere with the impartial and independent appraisals by third-party agencies.

Upon project delivery, we will conduct a comprehensive assessment of the project development process in accordance with the "Post-project Evaluation Management Measures of Ronshine Group" to analyse the impact of market changes on the project and achieve the purpose of continuous improvement. We have also established the "Maintenance and Management System of Ronshine Group" to record quality problems complained by customers, and to summarise, study on and identify deficiencies, so as to provide direction for improving management and control, and enhancing quality and service foundations of buildings under construction, so as to enhance our brand awareness in the local community.

During the Reporting Period, we had no product recalls due to product quality and safety defects.

3.2 Customer Experience

Ronshine places people at the core of its service system. In order to improve our products and services, we cooperate with third-party research and consultation institutions to output customer experience data and analysis results on our products and services in the form of customer satisfaction surveys. We actively listen to our customers, understand their needs, and respond quickly to deal with them in order to satisfy their ongoing needs.

Ronshine has introduced two management systems: customer interview system and customer escort inspection system. The management of each business department is required to conduct face-to-face in-depth interviews with customers at different stages and participate in centralized project delivery and site opening activities. By accompanying customers to inspect the housing, the management leads the implementation of customer-oriented culture through practical actions and continues to promote customer awareness and improve product quality and service quality of all staff.

In June 2022, we held a site open day event at our Tianjin Lanyue project, where we showcased details of the craftsmanship and decoration standards of our townhouses in real case, allowing owners to understand the construction process of their properties, and have received unanimous praise from them.

"Multi-dimensional interpretation of detailed engineering work"

The Operation Management Center of the Group is mainly responsible for the organization and implementation of the customer satisfaction survey, while the customer relations functional line of the business department cooperates with the Group to carry out the customer satisfaction survey. In order to regulate the process of the customer satisfaction survey, we have formulated the "Implementation Rules for the Customer Satisfaction Survey of Ronshine Group". The telephone survey mainly covers overall satisfaction, property services, sales services, delivery services and housing quality.

We have a standard complaint handling process in place to understand customers' views and address their issues in a timely manner. Each complaint is scrutinized by the customer service team, and the best way to handle it is discussed internally to respond to the customer within a specific time frame. During the Reporting Period, the Group received a total of 4,236 customer complaints, which would be investigated and handled by the customer service team. We will continue to improve ourselves to deliver products and services that meet our customers' needs.

In addition, we actively disseminate our corporate news, updates on Ronshine, products and services and other information through our official website and online platforms such as WeChat, allowing the public to stay abreast of relevant information about Ronshine. Our Brand Operation Department will verify the information before publication to prevent any false or misleading information in accordance with the Advertising Law of the People's Republic of China, the Law on the Protection of Consumer Rights and Interests and other relevant regulations.

3.3 Anti-corruption

To further reinforce in-house integrity team building and regulate staff behaviour, we have established the "Rules for Integrity Building" to prevent the occurrence of related irregularities. We will not tolerate any fraudulent acts, and strictly comply with the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and the Interim Provision on Banning Commercial Bribery. During the Year, the Group was not involved in any corruption lawsuits involving bribery, extortion, fraud and money laundering.

We explicitly prohibit the offering or soliciting of improper business benefits and resist any form of bribery. The Group prohibits employees from accepting any illegally acquired benefits and has provided channels for reporting potential violations. Employees may also report cases of misconduct through various channels such as email, telephone, letter and online in a confidential manner. There will be no room for failure to report, and those who are reported must cooperate with a fair and impartial investigation. Once a report is substantiated, we will strictly implement appropriate actions and punishment, so as to alert other employees and related parties. In order to prevent the occurrence of any unlawful or undisciplined behaviour for improper benefits, the following measures have been taken:

- Employees are required to sign an Employee Integrity Agreement when they join us
- We strengthen our integrity education
- We set integrity billboards at prominent places within our office premises, indicating the telephone number and mailbox for reporting

For Ronshine partners such as suppliers, the two parties will sign the "Integrity Cooperation Agreement" to standardize behavior, strengthen integrity cooperation during the cooperation period, and protect the interests of both parties from prejudice. The Group will actively work closely with different relevant departments and improve towards the direction of optimizing integrity education and system construction. Due to the pandemic, the Group has uploaded training materials such as the "Anti-Bribery Ordinance" and the "Anti-Corruption Programme – A Guide for Listed Companies", for our directors and staff to get acquainted with the relevant provisions and raise their awareness on the compliance of corruption prevention policy and corruption risk management.

The Group strictly complies with the requirements of the Trademark Law of the People's Republic of China and the Patent Law of the People's Republic of China and other relevant regulations in regulating and strengthening the management of intellectual property rights while actively promoting the development and protection of its products and making due efforts to avoid infringement of existing intellectual property rights of others.

3.4 Information Security

The Group places high emphasis on protecting personal data to safeguard its business and customer privacy. We strictly comply with the Cybersecurity Law of the People's Republic of China and other regulations in the places where we operate to protect privacy information. The Group mainly uses the Office Automation System (OA system) for daily office communication as well as storing customer information and company documents in an orderly manner. Internal documents in the OA system are required to be approved by supervisors before disclosure and only employees authorized by the nature of their work can access customer information. Confidential documents must not be downloaded or printed at all. The Group is committed to protecting all customer data and strictly prohibits the disclosure of customer information to external parties. In the event of a request from a third party for accessing customer data, we must seek customers' consent before taking any further action. Our employees are required to handle information according to guidelines, and we enhance their information security awareness through training or other means on a regularly basis.

The Group enhances its website security and repairs high-risk vulnerability through regular information security checks and penetration testing, and conducts maintenance on relevant facilities such as software and hardware, communication equipment and information system regularly. During the Reporting Period, the Group did not have any incidents related to information security or leakage of customer information.

Hangzhou Ronshine Center has proactively introduced intelligent technologies into its security management, covering multiple modules such as video monitoring, intrusion alarm, electronic inspection, wireless intercom, parking lot management, entrance/exit control and integrated visitor management, so as to safeguard office safety in an all around way.

"Intelligent Safeguard on the First Floor"

3.5 Supply Chain Management

The Group keeps improving its supplier management measures. The "Supplier Management System" has been developed, covering processes such as supplier approval, selection and use and evaluation, to create an open, fair and equitable selection and evaluation mechanism and incentive mechanism. We carry out prequalification of supplier candidates, and strictly regulate the processes of collecting, registering, evaluating, shortlisting and selecting suppliers in order to protect the economic interests of all parties and help maintain a good business environment.

We improve the quality of our suppliers through background investigation, information provision, face-to-face interviews and site visits, the contents of which include corporate profile, qualifications, technical investigation, corporate personnel and organizational structure and project management capabilities. All engineering suppliers are required to comply with current national norms and standards, industry standards and construction drawings approved by the construction authority before official construction and acceptance.

We determine the categories of our suppliers according to the results of supplier evaluation. We regularly review the performance of our suppliers, and classify their capabilities into four categories, i.e. "excellent, qualified, unqualified and blacklisted", to evaluate future cooperation opportunities. During the Year, the total number of suppliers of the Group was 968, mainly in the categories of material and equipment, subcontracting and consulting services. The distribution of suppliers of subcontracting and consulting services is as follows:

Region	Shanghai	Fujian	Zhejiang	Henan	Shanghai and Suzhou	Chengdu and Chongqing	Shandong	North China
Number	114	198	183	175	120	72	57	49

In addition, we do not use suppliers who have unethical business practices, corruption, forced labor, or other violations of local laws and regulations. We actively promote integrity awareness among our suppliers and our suppliers are required to sign integrity cooperation agreements, so as to establish good business cooperation and business environment. The Group gives priority to green products and never selects suppliers that do not operate in compliance. The Group conducts inspections of construction unis, complies with environmental protection laws and regulations where construction projects locate, and promotes green supply chain management through strict material selection and other measures.

4 EMPLOYEE-ORIENTED

The Group strives to create a healthy approach for its employees that values the well-being of all ages and promotes an environment of sustained, inclusive and sustainable economic growth. The Group strictly complies with labor and social insurance regulations including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China. During the Reporting Period, the Group did not experience any non-compliance with the laws and regulations relating to recruitment and labor rights. As of 31 December 2022, the Group had a total of 1,215 employees engaged at the operating sites within the reporting scope.

4.1 Employment Rights

The Group has formulated the "New Employees Induction Handbook", which clearly sets out the rights, responsibilities and obligations that employees are entitled to, and should fulfill during appointment. We attach great importance to recruiting talents and select talent based on position fit, work experience, education and skills to ensure that each applicant has an equal interview opportunity. During the process, we prohibit any discrimination including nationality, religions, age, gender, family, health and other factors. We abide by the internationally recognized human rights norm of the "Constitution of the International Labor Organization". By improving the recruitment process and expanding to the social and campus recruitment channels, we are confident that we can attract more outstanding talents.

We are strongly against the employment of any child and forced labor. Employees must provide identification documents when they join us and sign the labor contract, so as to prevent child labor from the source. If such violations are found, such as identity or age inaccuracies or forced labor, both parties may immediately terminate their labor contracts to protect their legitimate labor rights. The Group has standard working hours, and adopts five working days with no more than eight hours per day, providing enough time for employees to rest. For necessary overtime arrangements, prior consent of the employee must be obtained. Employees also have the right to refuse to work on rest days, and if they agree to work on rest days as usual, they will be compensated with leaves in accordance with the regulations and contracts. During the Reporting Period, there were no cases of child labor or forced labor.

We actively retain talents. When employees resign, Human Resources Department will work with departing employees to understand the reasons for their resignation and listen to employees' opinions and suggestions. The employee handbook stipulates the management of termination employment, and the Group has the right to terminate the labor contract with the employee if any violation of the code under the employee handbook, workplace discipline or professional conduct is found.

In order to motivate employees to improve themselves, the Group determines employee salaries based on each employee's qualifications, position and seniority. We conduct regular employee evaluations and make salary and bonus adjustments based on the results, and promote current employees through internal competitive recruitment twice a year.

4.2 Employee Training

To facilitate the mutual growth of employees and us, we provide staff with on-the-job capability training to enrich their knowledge and skills and maintain the competitiveness of the Group. We have invested resources and established a mechanism to share training resources. Different types of trainings as follows:

Basic trainings	In order to help new employees get familiar with the corporate culture of Ronshine, we provide new employees with induction trainings, the contents of which cover work ethics training, corporate culture training etc.
"Power of Ronshine", "Wing of Ronshine"	Ronshine Group cultivates fresh graduates, to enhance professionalism and cultivate management awareness, and at the same time help them to complete the transition from students to professionals as soon as possible. Through intensive training camp, induction training, internship, mentorship, interactive activities and communication with executives, we have prepared a growth plan for graduates for up to eight years in the future.
Cultivation of our talent pipeline	With the four core principles of education and training, self-development, mentorship and action learning. We provide work practice and work assignment, and theories learned from training, actively applied to work practice.

In order to continuously improve the engineering professionalism and management skills of the Group, we have prepared the "Management Measures of Luban Lessons of Ronshine Group" last year and formulated leaning and exchange and sharing of special research results topics by taking into account the current development status of the Group and the development trend of the industry.

Training Lessons	Organizational unit	Organizational form
Benchmark Project Observation	Engineering Management Center of the Group	• On-site observation • Special talks • Mutual Exchange
Luban Lessons		• Special talks • Examinations
Luban School	Regional Engineering Departments	• Handbook editorial • Night school learning • Document implementation • Refinement by reference • Specialized exchange • Special studies • Assessments

4.3 Health Culture

Ronshine pays close attention to the health and safety of employees and is committed to providing employees with a safe and healthy working environment. We strictly comply with the Work Safety Law of the People's Republic of China, the Fire Control Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other laws and regulations. The Group has had no work-related injuries or fatalities in the past three years.

Safeguarding the safety of construction workers and in construction sites is the key to the property development industry. The Group has formulated the "Standard Atlas on Safety and Civilization of Project" in accordance with the relevant national laws and regulations and standards, for the purpose of regulating the on-site management behavior. Construction workers must follow the standards. We strictly implement the following measures to protect employees:

- specific safety trainings for construction personnel;
- civilized construction billboards (major hazardous source, work-related casualties, safety education and goals and other information);
- safe devices (such as fire-fighting facilities, safety belts, protective measures, safety warning signs);
- notification mechanisms for major casualties and other safety incidents, ensuring individual cases are properly handled etc.

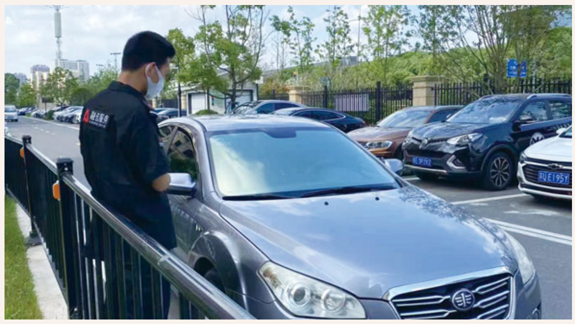
For preventive measures, the Group would identify and correct problems through regular or random safety inspections and remind our employees of safety all the time. In addition to ensuring the progress and quality of construction work, we also pay close attention to the health condition of construction workers. During the summer season, high temperature warnings were issued in many parts of the country, which brought difficulties to construction workers. Therefore, we adjusted construction measures, such as implementing a lunch break system, setting up refreshment kiosks and installing electric fans at construction sites, in order to reduce the risk of heat stroke caused by prolonged outdoor work and to protect the safety and health of workers. Ronshine has also set up a morning and evening shift system to rationalize the construction time, so that some of the construction works can be completed efficiently at night. The management team of the Group and the property owners also visited the workers at the construction sites, gave them seasonal food and supplies to cheer them up.

"Seasonal cooling supplies for frontline workers to prevention heat stroke"

Refreshment Kiosks

In the face of the fierce pandemic, we promptly activated its pandemic prevention and control system and launched multi-faceted anti-pandemic operations in the community and offices to protect the daily lives and work of property owners and employees. The Group has implemented specific measures to prevent the pandemic, prepared sufficient supplies such as masks and disinfectant in office, and disinfected the office area on a regular basis.

The Group adopted semi-closed management in Shanghai Bowan community, with four entrances and exits, each of which implemented "two verifications and one check" measures including verification of health code, travel code, and temperature checks.



Two verifications and one check

4.4 Staff Activities

We provide our employees with the "Five Insurances and One Fund" (including basic pension insurance, basic medical insurance, work injury insurance, maternity insurance and unemployment insurance and contributions to housing provident fund), as well as statutory holidays and other leave, such as personal leave, sick leave, annual leave, marriage leave, maternity leave, work injury leave and bereavement leave. For the protection of the health of our employees, we organize regular medical check-ups for our employees every year to enhance awareness to their health conditions. We attach importance to caring for our employees. The Group adheres to the core of providing rich and colorful staff activities, and bringing our employees together and enhance their morale through organizing various staff activities.

The employees of the Shanghai-Suzhou regional office in Ronshine showed a positive and hard-working spirit through the activity. Team activities can provide employees with a platform for sufficient communication, so as to bring our employees together and bring joy to our employees.

Team building activity in 2022

Environmental, Social and Governance Report

Ronshine held the year-end pledge activity under the theme of "Fighting for the great vision with Ronshiners' passion" (熱血融魂，燃夢贏戰) in North China in October during the Year. The activity was designed to encourage marketing staff to work hard to achieve the annual objective.

The year-end pledge activity

Ronshine has always supported and cared for its employees. We organized the activity of "Expressing gratitude to Ronshiners working on the frontline in this hot summer" (融情夏日，致敬一線融人) in the Henan region in June during the Year. Ronshine sent summer supplies and gifts to various departments and frontline employee representatives presented, and expressed our gratitude to these hard-working frontline staff, showing the Company's warmest care.

Ronshine's Summer Cooler Campaign
(融信夏季送清涼活動)

Ronshine supports employees in achieving work-life balance. During the Year, the football team of the Chengdu-Chongqing region held a friendly football match with its partners. During the match, the communication between employees and partners can enhance corporate communication and help employees relieve their pressure of daily work.

Friendly Football Match

5 ENVIRONMENTAL PROTECTION

Dealing with environmental risks is a key task for real estate developers. The Group continuously identifies and manages the impact of its business operations on resource utilization and the environment, and we ensure effective compliance with applicable PRC environmental laws and regulations to strive to minimise our impact on the environment. We strive to comply with laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control from Environmental Noise and the Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution. We are committed to promoting more energy-efficient and environmentally friendly operations. During the Reporting Period, the Group has not violated any laws relating to environmental protection or caused any major incidents affecting the environment and natural resources, nor has it been notified of any penalties and litigation in the environmental field.

5.1 Low Carbon Operation

The Group's construction projects are mainly carried out by professional contractors, the environmental KPIs only involve the resources and energy used in the daily operations of the office of our headquarters in Shanghai and regional offices in Fujian, Shanghai-Suzhou and Zhejiang. We have made reference to the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 standards set by the International Standards Organization to conduct greenhouse gas investigation. During the Year, the greenhouse gas emissions profile of the Group was as follows:

GHG Emissions Performance	Unit	2022
Direct GHG emissions (Scope 1)	tonnes of carbon dioxide equivalent (CO_2e)	138.29
Indirect GHG emissions (Scope 2)	tonnes of CO_2e	144.21
Total GHG emissions (Scopes 1 & 2)	tonnes of CO_2e	282.50
Total GHG emissions per square meter of floor area (Scopes 1 & 2)	tonnes of CO_2e/square meter	0.04
Each employee (Scopes 1 & 2)	tonnes of CO_2e/employee	0.77

Scope 1 Direct GHG emissions and abatement generated from sources owned and controlled by the Group.
Scope 2 GHG emissions indirectly generated from electricity generation, heating and cooling or steam purchased by the Group.

Energy and water resources management

In order to strengthen energy saving and emission reduction, we implement various measures including energy saving and emission reduction and resources saving. The Group has put great efforts in strengthening its daily green management and formulated measures for improving energy efficiency and water resource efficiency to adhere to green environmental concepts. During the Year, the total electricity consumption of the Group was 248,209.05 kWh, and the electricity consumption intensity was 36.22 kWh per square meter.

Lighting system	• Reduced consumption of high-brightness lamps • Divided the lighting area • Switched to energy-saving and environmentally friendly lamps • Increased the frequency of lamp cleaning
Air-conditioning management	• Cleaned the dust filter regularly • Added a reminder to remind employees to turn off the air conditioner in time • Explored the use of central control and monitoring systems or building management systems • Allowed employees to work in casual clothes on Fridays
Electronic equipment and appliances	• Reminded our employees from time to time to turn off unnecessary electronic equipment • Received faxes by email • A full paperless office administration system with electronic system to handle all procedures

The Group continuously monitors water consumption in the course of business operations and strives to cultivate the habit of water conservation among employees. During the Year, we have encountered no problems in obtaining suitable water sources. The Group has implemented the following water conservation measures:

- Speeded up the repair of dripping faucets
- Regularly performed leak testing of water pipes
- Post water conservation signs in our toilets
- Remind our staff to turn off the water faucets
- Irrigation using recycled toilet water or rainwater

The Group's total water consumption within the environmental data collection scope was 2,317.50 cubic meters, and the total water consumption intensity was 0.34 cubic meters per square meter.

We will maintain or reduce the intensity of greenhouse gas emissions, energy use, water use and waste generation at similar levels of business operations. The Board of the Group reviewed the environmental targets set in last year and determined that they are in line with the level of the targets.

Waste management

We encourage our employees to extend the concept of sustainability into their daily lives. The Group supports waste reduction at source. We purchased after evaluating materials to avoid overstocking, provided sorted recycling bins for employees and reused various stationery items. During the Reporting Period, the amount of non-hazardous waste generated by the Group was 20,707.00 kg, while the amount of hazardous waste generated was 20 kg. In order to avoid harming the environment, non-hazardous waste (daily office garbage) is collected and disposed of by the designated party of the local environmental protection and health department.

5.2 Green Building

As an influential real estate enterprise, we continue to improve our green building construction technology. The Group has committed to using its generous corporate shoulders to arouse the expectations of users for better living conditions on the one hand and its public responsibility to nature and society on the other. We strictly comply with the various environmental policies and standards, such as the "Standard for daylighting design of buildings", the "Code for design of sound insulation of civil buildings" and the "Design standard for energy efficiency of public buildings". In accordance with the Environmental Impact Assessment Law of the People's Republic of China, we conduct an environmental impact assessment of the construction site and the surrounding area to evaluate the possible environmental changes and the negative impact of pollutants generated by the construction.

For the compliance with the requirements of sustainable development and environmental protection, we minimize the resource consumption through standardized design, industrial production, intelligent application and prefabricated buildings with the characteristics of energy conservation, environmental protection and improved efficiency, to help the national green and low-carbon transformation development.

Case Studies Shanghai Sunkwan Center (上海上坤中心)

The project has received the Leadership in Energy and Environmental Design (LEED-LC) Gold precertification from the US Green Building Council (USGBC) and the WELL (Gold) pre-certification from the International WELL Building Institute. The accreditation institutes assessed the project in a number of dimensions including energy and water conservation, noise and ventilation. Major green building features identified include:

- the application of high-efficiency air-conditioning units and optimised system design to reduce the energy consumption of air-conditioning systems;
- the adoption of energy-efficient lighting design and control options to reduce the energy consumption of lighting systems;
- A minimum of 70% building materials are localised to reduce the environmental impact from transportation;
- Local greenery has been adopted in green ecological designs and site drainage systems have been optimized.

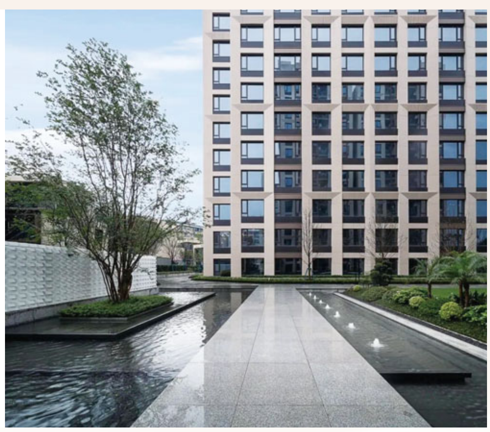
Case Studies Hangzhou Aoshi Mansion (杭州傲世邸)

According to our green building development plan, we will improve green construction, promote the coordinated development of green intelligent construction and building industrialization, put more efforts on the development of prefabricated buildings and decoration. This project is the first pilot residential project with full steel structure in Hangzhou. The aboveground part of the project adopts a full steel structure system, achieving a 100% prefabricated rate for its main components. This building system has high earthquake resistance and is able make full use of material performance, thus reducing resource consumption to the minimum.

At the construction site, you will see that as compared to traditional construction site, its field operation has less energy consumption, and reduces the pollution of dust, wastewater and noise on environment.

Case Studies Hangzhou Crestview Residence Project No. 4 (杭州厘望軒項目4號)

This residential project has been jointly accredited the WELL Gold-class WELL certification by International WELL Building Institute (IWBI) and the Green Building Certification Inc (GBCI), making it the first WELL Gold-class certified fine decoration residential project in Hangzhou.



5.3 Green Construction Sites

In accordance with the requirements of the Environmental Impact Assessment Law of the People's Republic of China, the Construction Law of the People's Republic of China, the Technical Specifications for Urban Fugitive Dust Pollution Prevention and Control, the Regulation on the Administration of Construction Project Environmental Protection, the Law on the Management of the Environmental Inspection of Completed Construction Projects and other laws and regulations, the Group has formulated the "Standard Atlas on Safety and Civilization of Project", and actively implemented various environmental protection measures, so as to avoid project delays and suspensions due to environmental violations, or affect the reputation of the Group.

We conduct an environmental impact assessment for each project to anticipate potential environmental impacts that may arise during the development process and to predict, analyze and evaluate potential negative impacts. We also keep track of and monitor our operations to reduce the environmental impact during the development, construction and operation cycle. We actively adopt measures to minimize the impact of the Group's business operations and its construction on the environment. The main measures include:

Pollutant	• The construction sites will be constructed with strong fences, materials will be placed in accordance with the stacking requirements; • Measures such as dust suppression by watering, washing of floors and vehicles will be continuously implemented to prevent and reduce dust; • Zoning operations will be carried out;
Sewage treatment	• Strictly complied with the requirements of rain and sewage diversion; • The septic tanks of the corresponding scale were built according to the amount of sewage generated; • Ensure that the annual sewage discharge is below standard;
Waste management	• Separated the areas for disposal of different types of wastes on the construction site; • Set up waste pools or movable waste hoppers; • Put in place strict supervision, clear storage guidelines and safety considerations for hazardous wastes in a construction site;
Noise control	• Prioritized the selection of low-noise machinery and construction model; • Installation sound-insulating windows and construction of green insulation zones

5.4 Climate Change

Against the backdrop of global climate actions, Ronshine has been actively responding to the national call for dual carbon and has been embracing ESG for many years. We have adopted natural lighting in our projects, improved the quality of indoor environment, enhanced the standard for lighting and drainage systems, striving to move towards "low-carbon, energy-efficient and smart-oriented" development to enhance the climate resilience of our projects in future operations. The Group identifies the risks associated with climate change, including physical risks such as flooding and super typhoons. The Group has taken measures to conserve energy in order to reduce greenhouse gas emissions and to adhere to a green and sustainable development path.

Risk arising from climate change	Physical risks
Examples of risk	Typhoons, earthquakes, wind damage, floods and storms
Potential impacts	• Increased risk of damage to buildings and facilities and increased maintenance costs • Employee safety issues, such as employee health risks due to elevated workplace temperatures
Responses	• Optimization of existing buildings to adapt to the risks and impacts of climate change • Provided safety training to employees to enhance their safety awareness • Developed contingency plans to ensure timely response in emergencies

Risk arising from climate change	Transition risks
Examples of risk	The development in global climate change policies and regulations, and stakeholders' concern with climate change
Potential impacts	• Fined by regulatory authorities • Investor withdrawal
Responses	• Monitored regulatory trends to ensure that the Group's operations comply with relevant ESG requirements • Conducted carbon audits to measure the performance of buildings

6 HEARTWARMING COMMUNITY

The Group has always been committed to understand and meet the needs of the community, and will continue to fulfill its social responsibilities. The following are the highlights of the activities of Ronshine Public Welfare Foundation during the Reporting Period:

Ronshine City Charity Run

The annual Ronshine City Charity Run was held in nine cities across China, including Fuzhou, Guangzhou and Putian in mid-May with 4,000 participants, providing a chance for employees and partners of Ronshine from all over the country to contribute to charity. Through the trendiest and innovative public welfare model and strong teamwork, Ronshine hopes to gather more kind-hearted strengths to promote the development of society.

Ronshine's "Youth of China" Project Lit up Dreams of the Youth

Ronshine believes that to solve intergenerational poverty, we must start with education. In order to promote rural progress, we participated in the 99 Charity Day (99公益日) for the sixth year, hoping to facilitate village revitalization and achieve common prosperity with the help of public welfare. Ronshine firmly believes that its "Youth of China" Project has profound significance for revitalizing the countryside and solving the problem of intergenerational poverty.

Environmental, Social and Governance Report

Ronshine Public Welfare Foundation

Ronshine has always adhered to the corporate value of "taking from the people and using it for the people", and has been participating in public welfare activities for many years to pay back to the society. Since its establishment of Ronshine Public Welfare Foundation in 2014, Ronshine has successively contributed to disaster relief, school construction, scholarships and student awards, community welfare, and the fight against the pandemic in the past 8 years in line with the policy of "targeted poverty alleviation and building a moderately prosperous society in all respects" put forward by the Communist Party of China. Hundreds of millions of RMB have been donated to public welfare undertakings. In 2020, Ronshine also held the "Small Donations Warm China – Ronshine Charity Activity" in respect of building of a moderately prosperous society in all respects. Ronshine Group will always devote itself to public welfare and charity in the future and continue to pay back to the society.

Anti-Epidemic Action 2022 – Fight against the Epidemic with the Epidemic Prevention Workers

Since March 2022, the domestic epidemic has rebounded again with increased confirmed cases. In order to cooperate with the anti-epidemic action across the country, every member of Ronshine Group stuck to their posts to fight against the epidemic, facing the tough time together.

During the epidemic, Ronshine paid great attention to the health of its employees, and actively implemented a full range of measures to cooperate with the government to prevent and control the epidemic and protect the health of its employees. For example, employees were required to take "two checks and one test" at the lobby entrance every day, no dine-in meals were allowed in the company cafeteria, and online communication software was used to hold meetings, etc., so as to create a healthy and safe office environment for employees at work.

A Series of Environmental Actions Such as "Beach Cleanup Volunteering Event" and "Coastal Green Ride"

Ronshine Group has always been active in practicing social responsibilities and supporting environmental protection activities. In October of this year, HUALUXE Hotel and Sister Hotel held a series of environmental protection activities in Haicang Bay including "Beach Cleanup Volunteering Event "and "Coastal Green Ride", in order to push the idea of protecting the ocean.

APPENDIX I: SUSTAINABILITY DATA STATEMENTS

Environmental KPIs	Unit	2022
Air Emissions [1,2]		
Nitrogen oxides (NO_x)	kilogram	553.90
Sulfur oxides (SO_x)	kilogram	0.68
Particulate matter (PM)	kilogram	51.69
GHG Emissions		
Direct GHG emissions (Scope 1)	tonnes CO_2e	138.29
Indirect GHG emissions (Scope 2)	tonnes CO_2e	144.21
Total GHG emissions (Scopes 1 & 2)	tonnes CO_2e	282.50
GHG Emissions Intensity		
Per square meter of floor area (Scopes 1 & 2)	tonnes CO_2e/square meter	0.04
Each employee (Scopes 1 & 2)	tonnes CO_2e/employee	0.77
Fuel Consumption		
Fuel consumption by fleets of vehicles	Liter	46,247.68
Natural gas consumption	m^3	6,020.00
Energy Consumption		
Total energy consumption	kWh	738,931.54
Total energy consumption intensity (per square meter)	kWh/square meter	107.83
Electricity consumption	kWh	248,209.05
Electricity consumption intensity (per square meter)	kWh/square meter	36.22
Water Consumption		
Total water consumption	cubic meter	2,317.50
Total water consumption intensity (per square meter)	cubic meter/square meter	0.34
Hazardous Waste		
Total amount of hazardous waste	kilogram	20.00
Hazardous waste intensity	kilogram/employee	0.05
Waste ink cartridges and waste toner boxes	Piece	206
Computers	Piece	49
Batteries	Piece	908
Non-hazardous Waste		
Total amount of non-hazardous waste	kilogram	20,707.00
Non-hazardous waste intensity (each employee)	kilogram/employee	56.42
Paper Consumption		
Total paper consumption	kilogram	2,454.38
Total paper consumption intensity	kilogram/employee	6.69

1 Air emissions from the Group's vehicles.

2 We calculated the Group's air pollutant emissions with reference to the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" the Stock Exchange.

Social	Unit	2022
Employment management		
Total number of employees	Number of people	1,215
Total number of employees by gender		
Female	Number of people	467
Male	Number of people	748
Total number of employees by employment type		
Full-time junior staff	Number of people	937
Full-time middle management	Number of people	253
Full-time senior management	Number of people	25
Total number of employees by age		
30 or below	Number of people	240
30-50	Number of people	953
50 or above	Number of people	22
Total number of employees by geographical regions		
Employees in North China	Number of people	260
Employees in East China	Number of people	653
Employees in South China	Number of people	224
Other employees (including those in Hong Kong, Macao and Taiwan)	Number of people	78
Employee turnover rate[3]		
Total employee turnover rate	%	53.56
Employee turnover rate by gender		
Female	%	55.82
Male	%	52.02
Employee turnover rate by age		
30 or below	%	61.10
30–50	%	51.50
50 or above	%	35.29
Employee turnover rate by geographical regions		
Employees in North China	%	42.73
Employees in East China	%	55.40
Employees in South China	%	54.10
Other employees (including those in Hong Kong, Macao and Taiwan)	%	62.86

[3] Employee turnover rate = number of employees left ÷ (number of employees left + number of employees at the year end) ×100%

Environmental, Social and Governance Report

Social	Unit	2022
Employee Training[4]		
Employee training performance by gender		
Percentage of female employees trained	%	38.44
Percentage of male employees trained	%	61.56
Average training hours of female employees	Hour	16
Average training hours of male employees	Hour	17
Employee training performance by employment type		
Percentage of full-time junior staff trained	%	77.12
Percentage of full-time middle management trained	%	20.82
Percentage of full-time senior management trained	%	2.06
Average training hours of full-time junior staff trained	Hour	19
Average training hours of full-time middle management trained	Hour	7
Average training hours of full-time senior management trained	Hour	10
Occupational health and safety		
Number of work-related fatalities in 2022	Number of people	0
Number of work-related fatalities in 2021	Number of people	0
Number of work-related fatalities in 2020	Number of people	0
Lost days due to work injury	Day	0

4 The percentage of trained employees by relevant type: the number of employees trained under this type ÷ the number of employees trained ×100%

APPENDIX II: HKEX ESG REPORTING GUIDE INDEX

Content of Indicators			Related Section(s)
A. Environmental			
A1: Emissions	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5 ENVIRONMENTAL PROTECTION
	A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Statements
	A1.2	Total direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	5.1 Low Carbon Operation Appendix I: Sustainability Data Statements
	A1.3	Total hazardous waste produced and, where appropriate, intensity.	5.1 Low Carbon Operation Appendix I: Sustainability Data Statements
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	5.1 Low Carbon Operation Appendix I: Sustainability Data Statements
	A1.5	Description of emissions targets set and steps taken to achieve them.	5.1 Low Carbon Operation
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction targets and steps taken to achieve them.	5.1 Low Carbon Operation

Environmental, Social and Governance Report

Content of Indicators			Related Section(s)
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5 ENVIRONMENTAL PROTECTION 5.2 Green Building
	A2.1	Direct and/or indirect energy consumption by type (i.e. electricity, gas or oil) in total and intensity.	5.1 Low Carbon Operation Appendix I: Sustainability Data Statements
	A2.2	Water consumption in total and intensity.	5.1 Low Carbon Operation Appendix I: Sustainability Data Statements
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.1 Low Carbon Operation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and water efficiency target(s) set and steps taken to achieve them.	5.1 Low Carbon Operation
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Not applicable; the Group's business does not involve packaging materials
A3: Environment and Natural Resources	General Disclosure	Policies that reduce the issuer's significant impact on the environment and natural resources.	5 ENVIRONMENTAL PROTECTION
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5 ENVIRONMENTAL PROTECTION
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.4 Climate Change
	A4.1	Description of the material climate-related issues that have and may have an impact on the issuer, and actions taken to address them.	5.4 Climate Change

Content of Indicators			Related Section(s)
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4 EMPLOYEE-ORIENTED 4.1 Employment Rights
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Statements
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Health Culture
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I: Sustainability Data Statements
	B2.2	Lost days due to work injury.	Appendix I: Sustainability Data Statements
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3 Health Culture
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills in performing job duties. Describe training activities.	4.2 Employee Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Sustainability Data Statements
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Statements
B4: Labor Standards	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child labor or forced labor.	4.1 Employment Rights
	B4.1	Describe the measures to review recruitment practices to avoid child labor and forced labor.	4.1 Employment Rights
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employment Rights

Content of Indicators			Related Section(s)
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.5 Supply Chain Management
	B5.1	The number of suppliers by geographical region.	3.5 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.5 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.5 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.5 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1 Building with Ingenuity 3.2 Customer Experience 3.4 Information Security
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.1 Building with Ingenuity
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.2 Customer Experience
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Anti-Corruption
	B6.4	Description of quality assurance process and recall procedures.	3.2 Customer Experience
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.4 Information Security

Content of Indicators			Related Section(s)
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.3 Anti-Corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	3.3 Anti-Corruption
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	3.3 Anti-Corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	3.3 Anti-Corruption
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 HEARTWARMING COMMUNITY
	B8.1	Focused areas of contribution (e.g. education, environment, labor, health, culture and sports).	6 HEARTWARMING COMMUNITY
	B8.2	Resources used in the focused areas of contribution.	6 HEARTWARMING COMMUNITY

INDEPENDENT AUDITOR'S REPORT

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders of Ronshine China Holdings Limited
(incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Ronshine China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 127 to 227, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of change in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the consolidated financial statements that the Group incurred a loss of RMB12,439,950,000 for the year ended 31 December 2022 and as of that date, the Group had net current assets of RMB34,070,283,000 and the Group's current portion of borrowings amounted to RMB19,785,112,000, while its current portion of cash and cash equivalents (excluding restricted cash) amounted to RMB5,569,429,000. Further, as at 31 December 2022, the Group had not repaid certain borrowings in aggregate principal amount according to their scheduled repayment dates. These conditions, along with the current situation as set forth in Note 2.1, which indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters (continued)

Provisions for properties under development ("PUD") and completed properties held for sale ("PHS")	How our audit addressed the Key Audit Matter
Refer to Note 4(a) and Note 20 to the consolidated financial statements. The total of PUD and PHS of the Group amounted to approximately RMB116,960 million as at 31 December 2022, accounting for approximately 62% of the total assets of the Group against which, a provision of RMB7,464 million, was provided. During the year ended 31 December 2022, an additional provision of RMB7,239 million was made. The carrying amounts of PUD and PHS are stated at the lower of cost or net realisable value ("NRV"). As a result, provisions for PUD and PHS involve critical accounting estimates on the future selling prices and direct related selling expenses for the properties, as well as the costs to completion for PUD. The judgements and estimations are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of net realisable value of PUD and PHS is considered relatively higher due to uncertainty of significant assumptions used. We focused on this area due to the significance of the PUD and PHS balances and the involvement of critical accounting estimates.	Our key procedures in relation to management's assessment on the provision for PUD and PHS included: 1. We obtained an understanding of management's internal control and assessment process of the NRV of PUD and PHS, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity of assessment and subjectivity of significant assumptions and data used. 2. We evaluated and tested management's key internal controls over the Group's process in determining the costs to completion of PUD and the net realisable values of PUD and PHS based on prevailing market conditions. 3. We assessed management's key estimates for: • Selling prices which were estimated based on the prevailing market conditions. We selected PUD and PHS on a sample basis to compare their estimated selling prices to the recent market transactions, making reference to the Group's selling prices of the sold units in the same project or the prevailing market prices of comparable properties with similar sizes, usages and locations. • Direct related selling expenses were estimated based on certain percentages of selling prices. We compared the above estimated percentages with the actual average selling expenses to revenue ratio of the Group in recent years, and reviewed the sales commission contracts on a sample basis; and • For the estimated costs to completion for PUD, we reconciled them to the budgets approved by management, examined the signed construction contacts on a sample basis, and compared the anticipated completion costs to the actual costs of comparable properties with similar sizes, usages and locations of the Group in recent years. We found that the key estimates used in management's assessment on the provision for PUD and PHS were properly supported by the available evidence.

Other information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors and those charged with governance for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate number P07174.

Elite Partners CPA Limited
Certified Public Accountants
10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

31 March 2023

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Notes	2022 RMB'000	2021 RMB'000
Revenue	6	**30,059,292**	33,284,014
Cost of sales	7	**(36,178,859)**	(29,655,775)
Gross (loss)/profit		**(6,119,567)**	3,628,239
Selling and marketing costs	7	**(971,652)**	(1,289,729)
Administrative expenses	7	**(1,009,598)**	(1,198,308)
Net impairment (losses)/gains on financial assets	7	**(788,322)**	4,600
Fair value losses on investment properties	17	**(739,009)**	(32,252)
Other income	9	**164,249**	450,284
Other gains or losses	9	**(1,151,352)**	707,308
Operating (loss)/profit		**(10,615,251)**	2,270,142
Finance income	10	**278,389**	736,492
Finance costs	10	**(2,089,479)**	(636,274)
Finance (costs)/income — net	10	**(1,811,090)**	100,218
Share of net profit of investments accounted for using the equity method	12(a)(ii)	**514,223**	102,240
(Loss)/profit before income tax		**(11,912,118)**	2,472,600
Income tax expenses	13	**(527,832)**	(745,868)
(Loss)/profit for the year		**(12,439,950)**	1,726,732
(Loss)/profit for the year attributable to:			
— Owners of the Company		**(11,234,836)**	1,295,049
— Non-controlling interests		**(1,205,114)**	431,683
		(12,439,950)	1,726,732
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)			
— Basic (loss)/earnings per share	14	**(6.67)**	0.77
— Diluted (loss)/earnings per share	14	**(6.67)**	0.77

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
(Loss)/profit for the year	**(12,439,950)**	1,726,732
Other comprehensive income	—	—
Total comprehensive (loss)/income for the year	**(12,439,950)**	1,726,732
Total comprehensive (loss)/income for the year attributable to:		
— Owners of the Company	**(11,234,836)**	1,295,049
— Non-controlling interests	**(1,205,114)**	431,683
	(12,439,950)	1,726,732

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Notes	**2022**	2021
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**1,106,781**	1,189,219
Investment properties	17	**12,320,100**	12,718,617
Right-of-use assets	16	**406,304**	436,949
Intangible assets		**1,774**	3,154
Investments accounted for using the equity method	12	**5,453,874**	11,855,096
Financial assets at fair value through profit or loss	18	**488,005**	689,668
Deferred tax assets	27	**698,415**	679,527
Total non-current assets		**20,475,253**	27,572,230
Current assets			
Properties under development	20	**94,305,792**	127,448,610
Completed properties held for sale	20	**22,654,417**	18,887,113
Contract assets	22	**1,321,926**	1,227,244
Trade and other receivables and prepayments	23	**27,465,765**	32,650,953
Amounts due from related parties	35	**8,340,903**	11,285,065
Prepaid taxation		**4,698,486**	3,864,324
Financial assets at fair value through profit or loss	18	**425,874**	448,854
Term deposits	21	**781,000**	3,852,874
Restricted cash	21	**3,974,507**	6,482,827
Cash and cash equivalents	21	**4,788,429**	11,719,745
Total current assets		**168,757,099**	217,867,609
Total assets		**189,232,352**	245,439,839
EQUITY			
Share capital	24	**15**	15
Share premium	24	**3,082,681**	3,082,681
Other reserves	25	**3,104,266**	15,221,902
Equity attributable to owners of the Company		**6,186,962**	18,304,598
Non-controlling interests		**24,447,557**	33,976,352
Total equity		**30,634,519**	52,280,950

Consolidated Balance Sheet

		As at 31 December	
	Notes	**2022** **RMB'000**	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	26	**22,618,556**	34,044,222
Lease liabilities	16	**5,777**	20,643
Deferred tax liabilities	27	**1,286,684**	1,813,146
Total non-current liabilities		**23,911,017**	35,878,011
Current liabilities			
Borrowings	26	**19,785,112**	22,733,699
Lease liabilities	16	**14,189**	13,175
Contract liabilities	22	**80,638,097**	90,094,226
Trade and other payables	29	**21,713,796**	29,594,152
Amounts due to related parties	35	**7,075,544**	9,087,530
Current tax liabilities		**5,460,078**	5,758,096
Total current liabilities		**134,686,816**	157,280,878
Total liabilities		**158,597,833**	193,158,889
Total equity and liabilities		**189,232,352**	245,439,839

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 127 to 227 were approved and authorised for issue by the board of directors of the Company on 31 March 2023 and were signed on its behalf by:

Ou Zonghong
Director

Zhang Lixin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25(a))	Statutory reserves RMB'000 (Note 25(b))	Share-based compensation reserves RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	15	3,082,681	851,583	2,026,441	82,076	12,261,802	18,304,598	33,976,352	52,280,950
Comprehensive income									
— Loss for the year	—	—	—	—	—	(11,234,826)	(11,234,826)	(1,205,114)	(12,439,950)
— Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	(11,234,826)	(11,234,826)	(1,205,114)	(12,439,950)
Disposal of subsidiaries	—	—	(892,700)	(128,325)	—	—	(1,021,025)	(1,262,829)	(2,283,854)
Acquisition of subsidiaries	—	—	—	—	—	—	—	38,041	38,041
Acquisition of additional interests in subsidiaries from non-controlling interests	—	—	138,230	—	—	—	138,230	(140,210)	(1,980)
Capital injections from non-controlling interests	—	—	—	—	—	—	—	519,158	519,158
Capital reduction of the subsidiaries	—	—	—	—	—	—	—	(6,058,288)	(6,058,288)
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(1,419,553)	(1,419,553)
Lapse of share options	—	—	—	—	(82,076)	82,076	—	—	—
Transfer to statutory reserves	—	—	—	67,404	—	(67,404)	—	—	—
Balance at 31 December 2022	15	3,082,681	97,113	1,965,520	—	1,041,638	6,186,967	24,447,557	30,634,519

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25(a))	Statutory reserves RMB'000 (Note 25(b))	Share-based compensation reserves RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021	15	3,786,195	851,583	1,921,846	82,076	11,071,348	17,713,063	32,945,940	50,659,003
Comprehensive income									
— Profit for the year	—	—	—	—	—	1,295,049	1,295,049	431,683	1,726,732
— Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	1,295,049	1,295,049	431,683	1,726,732
Buy-back and cancellation of shares (Note 24)	—	(8,341)	—	—	—	—	(8,341)	—	(8,341)
Disposal of subsidiaries	—	—	—	—	—	—	—	(694,980)	(694,980)
Acquisition of subsidiaries	—	—	—	—	—	—	—	330,000	330,000
Capital injections from non-controlling interests	—	—	—	—	—	—	—	1,971,356	1,971,356
Capital reduction of the subsidiaries	—	—	—	—	—	—	—	(16,500)	(16,500)
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(991,147)	(991,147)
Final dividend of 2020 (Note 28)	—	(695,173)	—	—	—	—	(695,173)	—	(695,173)
Transfer to statutory reserves	—	—	—	104,595	—	(104,595)	—	—	—
Balance at 31 December 2021	15	3,082,681	851,583	2,026,441	82,076	12,261,802	18,304,598	33,976,352	52,280,950

The above consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from operations	30(a)	12,096,623	8,983,418
PRC corporate income tax paid		(642,586)	(1,203,353)
PRC land appreciation tax paid		(329,541)	(1,189,554)
Net cash generated from operating activities		11,124,496	6,591,011
Cash flows from investing activities			
Payments for purchase of property, plant and equipment and investment properties		(470,236)	(786,640)
Proceeds from disposal of intangible assets		171	—
Payments for purchase of intangible assets		—	(21)
Proceeds from disposal of property, plant and equipment		27,406	352,311
Capital injections to joint ventures and associates		(896,693)	(918,720)
Payments for acquisition of financial assets at fair value through profit and loss		(475,000)	(531,105)
Proceeds from disposal of financial assets at fair value through profit and loss		685,027	777,656
Acquisition of additional interests in subsidiaries from non-controlling interests		(1,980)	—
Interest received		379,575	688,912
Cash advances to related parties		(1,835,227)	(7,960,442)
Repayments from related parties		4,779,389	2,659,665
Decrease in term deposits		3,071,874	3,136,542
Proceeds from disposal of an associate		1,169,479	28,243
Payments for acquisition of subsidiaries, net of cash acquired	34	(75,336)	(80,938)
Net cash outflow from disposal of subsidiaries		(1,502,789)	(121,065)
Net cash generated from/(used in) investing activities		4,855,660	(2,755,602)

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Proceeds from borrowings	30(b)	**7,398,870**	18,608,973
Repayments of borrowings	30(b)	**(21,509,923)**	(27,157,243)
Cash advances from related parties	30(b)	**179,269**	5,523,992
Repayments to related parties	30(b)	**(2,191,255)**	(1,845,144)
Payments for buy-back and cancellation of shares	24	**—**	(8,341)
Capital injection from non-controlling interests		**519,158**	1,971,356
Capital reduction of the subsidiaries		**(6,058,288)**	(16,500)
Interest paid		**(1,897,520)**	(5,869,815)
Dividends paid to the Company's shareholders		**—**	(695,173)
Dividends paid to non-controlling interests in subsidiaries		**(1,419,553)**	(991,147)
Principal elements of lease payments		**(19,595)**	(21,018)
Restricted cash pledged for borrowings		**2,100,000**	(1,484,856)
Net cash used in financing activities		**(22,898,837)**	(11,984,916)
Net decrease in cash and cash equivalents		**(6,918,681)**	(8,149,507)
Cash and cash equivalents at beginning of the year		**11,719,745**	19,854,876
Exchange (losses)/gains on cash and cash equivalents		**(12,635)**	14,376
Cash and cash equivalents at end of the year		**4,788,429**	11,719,745

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Ronshine China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Act, Cap.22 of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal activity is investment holding. The Company and its subsidiaries (together the "Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

The ultimate holding company of the Company is TMF (Cayman) Limited and the ultimate controlling shareholder of the Company is Mr. Ou Zonghong ("Mr. Ou").

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 January 2016.

These consolidated financial statements are presented in thousand Renminbi ("RMB'000") which is also the functional currency of the Company.

2 Summary of significant accounting policies

The principal accounting policies in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) ("HKCO") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA")

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and disclosure requirements of the HKCO.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investment properties, which are measured at fair value.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Going concern basis

For the year ended 31 December 2022, the Group incurred a loss for the year of approximately RMB12,439,950,000. As of 31 December 2022, the Group recorded net current assets of RMB34,070,283,000, and the Group's current portion of borrowings amounted to RMB19,785,112,000, while its cash and cash equivalents (excluding restricted cash) amounted to RMB5,569,429,000.

Since the second half of 2021, the business environment of China's real estate industry has undergone major changes, with increased difficulties in financing confronted by real estate companies. Under such circumstances, a number of real estate companies have successively encountered debt repayment issues, indicating accelerated deterioration of the industry's business environment. At the same time, the outbreak of the COVID-19 pandemic in Shanghai and other cities has brought enormous pressure on the Group's operations. As a result of the impact brought by the above factors, the Group takes longer time than expected to realise cash from its properties and/or to obtain cash from external financing to meet its loan repayment obligations. Although the Company has endeavoured to mitigate the impact of various unfavourable factors on its operations, due to the prolonged duration of this situation, the Group's operation and cash position have been significantly affected, and its ability to perform future obligations is subject to uncertainty.

As stipulated in the announcement of the Company dated 10 July 2022, interest in the amount of US$12,798,000 under the 8.1% senior notes due June 2023 (the "June 2023 Notes") and interest in the amount of US$15,067,500 under the 7.35% senior notes due December 2023 (the "December 2023 Notes") were due on 9 June 2022 and 15 June 2022, respectively. The Company had a 30-day grace period to pay such interests. As of the date of approval of these consolidated financial statements, the Company has not made such payments.

If such non-payment continues, holders of at least 25% of the aggregate principal amount of the relevant outstanding senior notes at that time may, by written notice to the Company or the trustee, require the Company to pay the principal and accrued interest of the relevant outstanding senior notes immediately. As of the date of approval of these consolidated financial statements, the Company has not received any notice regarding accelerated repayment from the holders of the June 2023 Notes or the December 2023 Notes.

As stipulated in the announcements of the Company dated 25 October 2022 and 26 January 2023, respectively, the 8.75% senior notes due 2022 (the "October 2022 Notes") in the aggregate principal amount of US$688,000,000 and the 8.95% senior notes due 2023 (the "January 2023 Notes") in the aggregate principal amount of US$413,000,000, issued by the Company and listed on the Singapore Exchange Securities Trading Limited matured on 25 October 2022 and 22 January 2023, respectively. The principal amount and the accrued and unpaid interest totalling US$718,100,000 and US$431,481,750, respectively, became due and payable. As of the date of approval of these consolidated financial statements, the Company has not made such payments.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

If the Company fails to perform the obligations of repaying the debts due and cannot agree on a consensual solution to the corresponding indebtedness with creditors in a timely manner, it may cause the relevant creditors to demand accelerated repayment of the obligations of the relevant debts or take enforcement actions.

In addition, as at 31 December 2022, the Group did not repay certain borrowings of RMB6,248,911,000 according to their scheduled repayment dates. As a result, as at 31 December 2022, borrowings with the aggregate principal amount of RMB10,655,067,000 had become default. Subsequent to 31 December 2022, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates.

The above events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the aforesaid, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated with the objective to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) the Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings, and has been negotiating with various banks and financial institutions to secure new sources of financing;

(ii) the Group will actively engage with its creditors and seek external financial advisers for various feasible solutions to the relevant debts;

(iii) the Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have spurred buyers' interests and stimulated demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to the changing market environment to achieve the latest budgeted sales and pre-sales volumes and amounts; and

(iv) the Group will continue to take active measures to control administrative costs and unnecessary capital expenditures to preserve liquidity.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company, which cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the directors are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Notwithstanding the above, given the volatility of the property sector in China and the uncertainties to obtain continuous support by the banks and the Group's creditors, material uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(d) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Save as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* retrospectively for the first time in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 *Leases* ("HKFRS 16") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior years.

Impacts on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Impacts on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use (continued)

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 January 2021. The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

(e) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or 1 January 2024.

The directors of the Company are in the process of assessing the potential impact of the new and amendments to HKFRSs but are not yet in a position to determine whether the new and amendments to HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The new and amendments to HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combinations (continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Equity method, associates and joint arrangements

(a) Equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates or joint ventures include goodwill identified on acquisitions. Upon the acquisitions of the ownership interests in associates or joint ventures, any differences between the cost of the associate or joint venture and the Group's share of the net fair value of the associate's or joint ventures' identifiable assets and liabilities are accounted for as goodwill.

If the ownership interests in the associate or joint venture are reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investments. When the Group's share of losses in the associate or joint venture equals or exceeds its interests in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate or joint venture and their carrying values and recognises the amounts adjacent to "share of net profit of investments accounted for using the equity method" in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.3 Equity method, associates and joint arrangements (continued)

(a) Equity method (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate or joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses on dilution of equity interests in the associate or joint ventures are recognised in the consolidated income statement.

(b) Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially recognised at cost.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint venture is accounted for using the equity method.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and bank balances and borrowings are presented in the consolidated income statement, within "finance income/(costs) – net". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other gains – net".

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	20 years
Office equipment	3-5 years
Motor vehicles	4 years
Leasehold improvements and furniture, fitting and equipment	2-13 years

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in consolidated income statement.

2.7 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 10 years.

2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement within "fair value gains/(losses) on investment properties".

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("cash-generating units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in consolidated income statement.

Debt instruments

Initial recognition and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gain-net" together with foreign exchange gains and losses.

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets (continued)

Debt instruments (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains – net". Impairment losses are presented as separated line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented in net basis within "other gains – net" in the period in which it arises.

Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of FVPL are recognised in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVPL are not reported separately from other changes in fair value.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

The Group applies the simplified approach permitted by HKFRS 9, which uses expected lifetime losses to be recognised from initial recognition of the assets for trade receivables and contract assets.

Impairment on other financial assets including other receivables and amounts due from related parties is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2 Summary of significant accounting policies (continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as either:

- hedges of the fair value of recognised assets or liabilities (fair value hedges).

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, The Group documents the economic, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives held by the Group are only used for economic hedging purposes and not as speculative investments. If the derivative instruments do not qualify for hedge accounting, Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 3.3(a).

2 Summary of significant accounting policies (continued)

2.13 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group leases only offices for long-term contracts. Rental contracts are typically made for fixed periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 Summary of significant accounting policies (continued)

2.13 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets consist of properties and land use rights.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.14 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and included in properties under development or completed properties held for sale and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets. Land use rights to be developed for hotel properties and self-use buildings, are non-current assets, which are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods. Land use rights to be developed for investment properties are accounted for as part of investment properties.

2 Summary of significant accounting policies (continued)

2.15 Properties under development and completed properties held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.16 Trade and other receivables and amounts due from related parties

Trade receivables are amounts due from customers for properties sold and services provided in the ordinary course of business. If collection of trade and other receivables and amounts due from related parties is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables and amounts due from related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Cash and bank balances

Cash and bank balances includes cash and equivalents, term deposits and restricted cash. Cash and cash equivalents includes cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Term deposits mainly refers to the bank deposits with initial term of over three months but within one year. Restricted cash is the bank deposits which are restricted to use. Restricted cash are excluded from cash and cash equivalents in consolidated statement of cash flows.

2.18 Trade and other payables and amounts due to related parties

Trade payables are obligations to pay for construction costs or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and amounts due to related parties are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables and amounts due to related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

2.19 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, like properties under development, assets under construction and investment properties under construction, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

2.20 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for its associate, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (continued)

2.21 Employee benefits

(a) Pension obligations

The Group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these defined contribution plans are expensed as incurred.

(b) Housing benefits

PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.22 Share-based payments

Share-based compensation benefits are provided to directors and employees via the Group. Information relating to these schemes is set out in Note 25(c).

Share options

The fair value of options granted by the Group is recognised as a director and employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions

— excluding the impact of any service and non-market performance vesting conditions; and

— including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2 Summary of significant accounting policies (continued)

2.23 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

2 Summary of significant accounting policies (continued)

2.24 Revenue recognition (continued)

(a) Sales of properties (continued)

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(b) Construction services

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time based on the progress towards complete satisfaction of construction services, by reference to the Group's efforts or inputs to the satisfaction of construction services relative to the total expected efforts or input.

(c) Rental income

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

(d) Service income

Service income is recognised when the related services are rendered.

(e) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(f) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

2 Summary of significant accounting policies (continued)

2.25 Interest income

Interest income is presented as finance income where it is earned from bank deposits and is recognised using the effective interest method.

2.26 Dividend income

Dividends are received from FVPL. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. However, the investment may need to be tested for impairment as a consequence.

2.27 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.28 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2 Summary of significant accounting policies (continued)

2.29 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (include foreign exchange risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC with most transactions being settled in RMB, which is the functional currency of the Group companies, except for certain transactions which are settled in foreign currencies. As at 31 December 2022, major non-RMB assets and liabilities are cash and bank balances, senior notes and bank borrowings denominated in United State Dollars ("US$") or Hong Kong Dollars ("HK$"). Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. As at 31 December 2022, the Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The Group's foreign currency denominated monetary assets and liabilities as at 31 December 2022 amounted to approximately RMB444,813,000 and RMB15,591,453,000, respectively. (31 December 2021: RMB912,060,000 and RMB18,905,384,000, respectively).

The following table shows the sensitivity analysis in RMB against relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% appreciation/depreciation in RMB against the relevant currencies, respectively, the effect of increase/(decrease) on the profit for the year is:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
5% appreciation in RMB against:		
— US$	**108,793**	97,699
— HK$	**1,334**	43,925
5% depreciation in RMB against:		
— US$	**(108,793)**	(97,699)
— HK$	**(1,334)**	(43,925)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2022, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant, interest charges for the year ended 31 December 2022 would increase/decrease RMB162,978,000 (2021: RMB144,053,000), most of which would have been capitalised in qualified assets.

(b) Credit risk

The Group is exposed to credit risk in the event of the counterparties' failure to perform their obligation in relation to its contract assets, amounts due from related parties, trade and other receivables and cash deposits with banks and financial guarantee contracts. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and bank balances, trade and other receivables, amounts due from related parties and contract assets shown in the consolidated balance sheet, and the maximum outstanding amount of financial guarantee provided by the Group as disclosed in Note 31.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the financial situation of individual property owner or the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status and operating results of debtor and individual property owner

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Cash deposits at banks

As at 31 December 2022, substantially all the Group's bank deposits included in cash and bank balances were deposited with major financial institutions incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's bank deposits as at 31 December 2022 were as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Big four commercial banks of the PRC (Note (i))	**4,209,094**	5,654,076
Other listed banks in the PRC	**4,874,172**	13,115,291
Other non-listed banks in the PRC	**460,670**	3,286,079
	9,543,936	22,055,446

Note (i): Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

(ii) Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is made in Note 31. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced and immaterial.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Other receivables and amounts due from related parties

Other financial assets at amortised cost include other receivables and amounts due from related parties. The Group uses the expected credit loss model to determine the expected loss provision for other receivables and amounts due from related parties. The Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables and amounts due from related parties.

For other receivables and amounts due from related parties, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. The other receivables are mainly amounts due from minority interests, deposits for acquisition of the land use rights and property development projects. Management considered these receivables to be low credit risk as they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Besides, management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. Therefore, the Group considered them to have low credit risk, and thus the loss allowance is immaterial.

(iv) Financial guarantee contracts

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is included in Note 31. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is entitled to take over the legal title and possession of the related parties so that the Group can resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors of the Company consider that the fair value of these financial guarantee contracts for related parties at the date of inception was minimal, the risk of default in payments is remote, and therefore no provision has been made in the consolidated financial statements.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and bank balances or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and bank balances and through having available sources of financing.

In addition, as disclosed in Note 31 to the consolidated financial statements, the Group might be required to make payments in respect of the financial guarantee contracts entered into by the Group. The maximum liabilities guaranteed by the Group were principal amounts together with the accrued interests and other charges.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022					
Non-derivatives					
Borrowings	24,911,886	15,605,673	7,317,291	—	47,834,850
Trade and other payables, excluding accrual for staff costs and other taxes payable	7,525,954	6,185,606	—	—	13,711,560
Lease liabilities	14,704	2,595	1,291	—	18,590
Amounts due to related parties	7,075,544	—	—	—	7,075,544
Financial guarantee contacts (Note 31)	22,409,600	2,170,178	299,800	—	24,879,638
	61,937,748	23,964,052	7,618,382	—	93,520,182
As at 31 December 2021					
Non-derivatives					
Borrowings	25,444,045	34,192,427	4,959,288	—	64,595,760
Trade and other payables, excluding accrual for staff costs and other taxes payable	20,898,724	—	—	—	20,898,724
Lease liabilities	14,854	12,568	2,705	934	31,061
Amounts due to related parties	9,087,530	—	—	—	9,087,530
Financial guarantee contacts (Note 31)	25,050,417	1,913,329	1,992,674	—	28,956,420
	80,495,570	36,118,324	6,954,667	934	123,569,495

Note: Interests on borrowings were calculated on borrowings held as at 31 December 2022 (2021: same). Floating-rate interests were estimated using the current interest rate as at 31 December 2022 (2021: same).

3 Financial risk management (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owners, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank balances.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Total borrowings (Note 26)	**42,403,668**	56,777,921
Less: Cash and bank balances (Note 21)	**(9,543,936)**	(22,055,446)
Net borrowings	**32,859,732**	34,722,475
Total equity	**30,634,519**	52,280,950
Gearing ratio	**107.26%**	66.4%

3 Financial risk management (continued)

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

The Group's financial assets include cash and bank balances, trade and other receivables, amounts due from related parties and FVPL. The Group's financial liabilities include trade and other payables, amounts due to related parties, and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determined fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (continued)

(ii) Valuation techniques used to determined fair values (continued)

The following table presents the Group's FVPL were measured at fair value at 31 December 2022.

Recurring fair value measurements	Note	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through profit or loss	18	70,096	843,783	913,879

The following table presents the Group's FVPL were measured at fair value at 31 December 2021.

Recurring fair value measurements	Note	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through profit or loss	18	229,479	909,043	1,138,522

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2022 and 2021.

	Year end 31 December	
	2022 RMB'000	2021 RMB'000
Financial assets at fair value through profit or loss		
Opening balance	909,043	351,968
Additions	435,460	531,105
Disposals	(500,720)	—
Fair value gains	—	25,970
Closing balance	843,783	909,043
Unrealised fair value gains recognised for the year	—	25,970

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

The FVPL were measured at fair value, which was grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, were used to determine fair value for the financial assets.

The Group's policy was to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers among levels 1, 2 and 3 for recurring fair value measurements.

There were no changes in valuation technique during the year.

(b) Non-financial assets

The non-financial assets of the Group are mainly investment properties measured at fair value.

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 3.3(a).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets (continued)

(ii) Valuation techniques used to determine level 3 fair values

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's completed investment properties are derived using the income capitalisation approach. This valuation method takes into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

Fair values of the Group's investment properties under development are derived using the direct comparison approach and residual approach. The direct comparison approach involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. The residual approach takes into account the residual value on the completed gross development value ("GDV") after deduction of the outstanding construction costs and expenses as well as profit element. It first assesses the GDV or estimated value of the proposed developments as if completed at the date of valuation. Estimated cost of the development includes construction costs, marketing, professional fees, finance charges, and associated costs, plus an allowance for the developer's risk and profit. The development costs are deducted from the GDV. The resultant figure is the residual value of the subject property.

All resulting fair value estimates for investment properties are included in level 3.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Detailed disclosures of the changes in level 3 items for the years ended 31 December 2022 and 31 December 2021 for recurring fair value measurements are disclosed in Note 17.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets (continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

	Fair value at 31 December			Range of inputs in	
Properties status	**2022 RMB'000**	2021 RMB'000	**Unobservable inputs**	**2022**	2021
Completed	**10,730,000**	11,570,317	Capitalisation rate[1]	**0.7%-3.1%**	1%-5.3%
			Market rents[2] (RMB/square meter/month)	**34-1,700**	11-1,429
Under development	**1,590,100**	1,148,300	Market prices[2] (RMB/square meter)	**362-6,288**	270-8,913
			Market rents[2] (RMB/square meter/month)	**27-544**	37-500
			Anticipated developer's profit margins[3]	**5%-20%**	5%-20%
Total	**12,320,100**	12,718,617			

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets (continued)

(iv) Valuation inputs and relationships to fair value (continued)

Relationship of unobservable inputs to fair value:

— 1 The higher the capitalisation rate, the lower the fair value;

— 2 The higher the market rents and market prices, the higher the fair value;

— 3 The higher the anticipated developer's profit margins, the lower the fair value.

(v) Valuation processes

The Group's investment properties were valued at 31 December 2022 by independent professionally qualified valuer, Savills Real Estate Valuation (Guangzhou) Ltd. Beijing Branch (2021: same), who has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting process.

At each reporting period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior period valuation report; and
- Holds discussions with the independent valuer.

As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

4 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights

The Group assesses the carrying amounts of properties under development, completed properties held for sale and prepayments for acquisition of land use rights according to their net realisable values based on the reliability of these properties and prepayments. As a result, provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights involve critical accounting estimates on the future selling prices and variable selling expenses for the properties, as well as the costs to completion for properties under development and prepayments for acquisition of land use rights.

(b) Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments on the consolidated balance sheet.

Accordingly, any inappropriate classification as a result of recognition or derecognition of the investments could have a material and pervasive impact on the consolidated financial statements.

4 Critical estimates and judgements (continued)

(c) Corporate income tax, land appreciation tax and deferred taxation

The Group is subject to corporate income tax and land appreciation tax ("LAT") in the PRC. Judgement is required in determining the provision for corporate income tax and LAT. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group has not finalised its corporate income tax and LAT calculations and payments with certain local tax authorities in charge of certain of the Group's projects in the PRC. The Group recognised the corporate income tax and LAT based on management's best estimates according to the interpretation of the applicable tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the corporate income tax and LAT provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

Deferred income tax liabilities are provided to the taxable temporary differences arising from the Group's investments in subsidiaries, joint ventures and associates unless the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Provisions for deferred land appreciation tax liabilities relating to the taxable temporary difference of investment properties are provided unless management determines that the expected manner of recovery of the properties is through rental income from the lease of the properties only. All these involve management's judgements and estimations and the actual outcome may be different.

5 Segment information

The executive directors have been identified as the CODM. Management has determined the operating segments based on the reports reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the year ended 31 December 2022 (2021: same).

(a) As at 31 December 2022, except for parts of term deposits and financial assets at fair value through profit or loss, other assets of the Group were located in the PRC (2021: same).

(b) There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2022 (2021: same).

6 Revenue

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Disaggregation of revenue from contracts with customers:		
Revenue from sales of properties		
— Recognised at point in time	**28,640,290**	31,703,628
Revenue from construction services, hotel operations and others:		
— Recognised at a point in time	**596,845**	481,507
— Recognised over time	**646,434**	934,577
	29,883,569	33,119,712
Revenue from other source:		
— Rental income	**175,723**	164,302
	30,059,292	33,284,014

Notes to the Consolidated Financial Statements

7 Expenses by nature

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of properties sold (excluding staff costs)	**35,889,113**	29,250,399
Staff costs (including directors' emoluments) (Note 8)	**751,334**	1,011,731
Advertising costs	**500,826**	595,204
Taxes and other levies	**189,263**	303,827
Consulting fees	**211,770**	247,288
Property management fees	**234,224**	263,662
Depreciation of property, plant and equipment	**106,094**	46,176
Office and travelling expenses	**79,686**	84,729
Expenses relating to short-term leases and low-value assets	**24,679**	60,780
Entertainment expenses	**86,440**	54,269
Amortisation of intangible assets	**610**	2,232
Amortisation of right-of-use assets	**36,388**	36,739
Auditors' remuneration		
— Annual audit and interim review	**4,500**	14,438
— Non-audit services	**—**	—
Net impairment losses/(gains) on financial assets	**788,322**	(4,600)
Others	**45,182**	172,338
Total	**38,948,431**	32,139,212

8 Staff costs – including directors' emoluments

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Fees, salaries and other benefits	**708,306**	934,046
Discretionary bonuses	**—**	—
Pension costs	**43,028**	77,685
	751,334	1,011,731

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

8 Staff costs – including directors' emoluments (continued)

(a) Directors' emoluments

The directors' emoluments paid/payable by the Group are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Fees, salaries and other benefits	13,780	13,572
Pension costs	23	20
	13,803	13,592

(i) For the year ended 31 December 2022

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000	Pension costs RMB'000	Total RMB'000
Executive directors:					
— Mr. Ou	—	2,332	—	4	2,336
— Mr. Yu Lijuan	—	3,024	—	4	3,028
— Ms. Zeng Feiyan	—	2,424	—	4	2,428
— Mr. Ruan Youzhi (resigned on 15 August 2022)	—	1,615	—	3	1,618
— Mr. Zhang Lixin	—	2,024	—	4	2,028
— Mr. Wu Jianxing (appointed on 15 August 2022)	—	1,557	—	4	1,561
Non-executive director:					
—Mr. Li Shupei (appointed on 4 November 2022)	—	—	—	—	—
— Ms. Chen Shucui (resigned on 4 November 2022)	—	—	—	—	—
Independent non-executive directors:					
—Mr. He Jiarong (appointed on 15 August 2022)	100	—	—	—	100
— Mr. Qu Wenzhou (resigned on 22 July 2022)	168	—	—	—	168
— Mr. Ren Yunan	268	—	—	—	268
— Mr. Ruan Weifeng	268	—	—	—	268
	804	12,976	—	23	13,803

8 Staff costs – including directors' emoluments (continued)

(a) Directors' emoluments (continued)

(ii) For the year ended 31 December 2021

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000	Pension costs RMB'000	Total RMB'000
Executive directors:					
— Mr. Ou	—	2,929	—	4	2,933
— Mr. Yu Lijuan	—	3,024	—	4	3,028
— Ms. Zeng Feiyan	—	2,424	—	4	2,428
— Mr. Ruan Youzhi	—	2,424	—	4	2,428
— Mr. Zhang Lixin	—	2,024	—	4	2,028
Non-executive director:					
— Ms. Chen Shucui	—	—	—	—	—
Independent non-executive directors:					
— Mr. Ren Yunan	249	—	—	—	249
— Mr. Qu Wenzhou	249	—	—	—	249
— Mr. Ruan Weifeng	249	—	—	—	249
	747	12,825	—	20	13,592

During the year ended 31 December 2022, two (2021: one) of the directors of the Company, including Ms. Chen Shucui and Mr. Li Shupei were not entitled to any emoluments. None of the directors of the Company have waived their emolument or agreed to waive their emoluments.

During the year ended 31 December 2022, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor are any payable (2021: same). No consideration was provided to or receivable by third parties for making available directors' services (2021: same).

8 Staff costs – including directors' emoluments (continued)

(a) Directors' emoluments (continued)

There were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities as at 31 December 2022 (2021: same).

Other than those disclosed in Note 35(e), there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: same).

(b) Five highest paid individuals

For the year ended 31 December 2022, the five individuals whose emoluments were the highest in the Group included five (2021: four) directors, whose emoluments are reflected in the analysis presented above. For the year ended 31 December 2021, the emoluments payable to the remaining one individual are as follows:

	Year ended 31 December	
	2022 **RMB'000**	2021 RMB'000
Fees, salaries and other benefits	**N/A**	2,182
Discretionary bonuses	**N/A**	—
Pension costs	**N/A**	4
	N/A	2,186

The emoluments payable to the remaining one (2022: none) individual for the year ended 31 December 2021 falls within the following band:

	Year ended 31 December	
	2022	2021
Annual emolument band:		
— HK$2,000,000 – HK$3,000,000	**N/A**	1

During the year ended 31 December 2022, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2021: none).

9 Other income and other gains or losses

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Other income:		
Interest income	**101,186**	373,661
Forfeited deposits from customer	**38,947**	42,471
Government grants (note i)	**15,686**	27,580
Miscellaneous	**8,430**	6,572
	164,249	450,284
Other gains or losses		
Gain from bond repurchase	**327,041**	—
(Loss)/gain on disposal of subsidiaries	**(860,445)**	633,328
Fair value (losses)/gains on financial assets at FVPL	**(14,616)**	25,970
Net foreign exchange gains/(losses) (note ii)	**292**	(32,438)
Loss from disposal of associates and joint ventures	**(628,932)**	(67,135)
Gain from disposal of property, plant and equipment	**25,308**	147,583
	(1,151,352)	707,308

(i) Government grants consisted mainly of financial subsidies granted by the local governments. There are no unfulfilled conditions or other conditions attached to the government grant recognised during the year ended 31 December 2022 (2021: same).

(ii) Amount mainly represents the net losses on translation of foreign currency financial assets and liabilities from foreign currency into RMB at the prevailing year-end exchange rate. It does not include the exchange gain or loss of translation of borrowings which are included in the "finance (costs)/income – net" (Note 10).

10 Finance (costs)/income – net

	Year ended 31 December	
	2022 **RMB'000**	2021 RMB'000
Finance income		
— Interest income from bank deposits	**278,389**	315,251
— Net foreign exchange gain	**—**	421,241
	278,389	736,492
Finance costs		
— Interest expenses of borrowings	**(1,896,245)**	(5,867,057)
— Interest expenses of lease liabilities	**(1,315)**	(2,758)
— Net foreign exchange loss	**(1,222,643)**	—
— Less: capitalised interest (Note (i))	**1,030,724**	5,233,541
	(2,089,479)	(636,274)
Finance (costs)/income – net	**(1,811,090)**	100,218

(i) The capitalisation rate used to determine the amount of borrowing costs to be capitalised, which is the weighted average interest rate applicable to the Group's borrowings for the year ended 31 December 2022, was 6.67% (2021: 6.73%).

11 Subsidiaries

(a) The Group's principal subsidiaries

The Group's principal subsidiaries at 31 December 2022 are set out below. The proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of companies		Type of legal status	Place of operation/ establishment	Principal activities	Authorised/ registered/paid up capital and debt securities	Ownership interest held by the Group %	Ownership interest held by non-controlling interests %
Indirectly held by the Company:							
融信(福建)投資集團有限公司	Rongxin (Fujian) Investment Group Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB4,025,000,000	100	–
福州融信雙杭投資發展有限公司	Fuzhou Rongxin Shuanghang Investment Development Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB200,000,000 and paid up capital of RMB100,000,000	100	–
福建世歐投資發展有限公司	Fujian Shiou Investment Development Co., Ltd	Limited liability company	PRC	Investment holdings	Registered and paid up capital of RMB500,000,000	100	–
杭州融信愷昇房地產開發有限公司	Hangzhou Rongxin Kaisheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	100	–
上海愷冠臻房地產開發有限公司	Shanghai Kaiguanzhen Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB5,500,000,000	50	50
上海愷珩房地產開發有限公司	Shanghai Kaiheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	50	50
昆山融信愷庭房地產開發有限公司	Kunshan Rongxin Kaiting Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	50	50
浙江德盛置業有限公司	Zhejiang Desheng Property Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB50,000,000	26 [Note (i)]	74
杭州金昇房地產開發有限公司	Hangzhou Jinsheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB700,000,000	25 [Note (i)]	75
鄭州融信朗悅置業有限公司	Zhengzhou Rongxin Langyue Property Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB910,000,000	51 [Note (i)]	49
上海興美置業有限公司	Shanghai Xingmei Property Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB2,600,000,000	34 [Note (i)]	66
廣州市融佳企業管理有限公司	Guangzhou Rongjia Enterprise Management Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB100,000,000	51	49
福建融光錦置業有限公司	Fujian Rongguangjin Real Estate Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB2,000,000,000 and paid up capital of RMB4,000,000,000	51	49
安徽海亮房地產有限公司	Anhui Hailiang Real Estate Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB3,150,000,000 and paid up capital of RMB2,162,500,000	55	45

* The English names of PRC companies above represent management's best effort in translating their Chinese names as no English names have been registered or available.

11 Subsidiaries (continued)

(a) The Group's principal subsidiaries (continued)

(i) In accordance with the cooperation agreements with co-developers and articles of associations of these companies, the Group has controlling power in the shareholders' meetings and board of directors' meetings in decision on the relevant operational activities. Accordingly, the Group has exposure or rights to variable returns from its involvement with these companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities. Accordingly, these companies are accounted for as subsidiaries of the Group.

(ii) The conversion of RMB denominated balances of cash and bank balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government. These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends. As at 31 December 2022, the carrying amount of the cash and bank balances included in the consolidated financial statements to which these restrictions applied was denominated in RMB(2021: same).

Certain equity interests in the subsidiaries of the Company were pledged for financing arrangements of the Group as at 31 December 2022 and 2021 (Note 33).

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(b) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the combined summarised financial information for the Anhui Hailiang Real Estate Co, Ltd and its subsidiaries (the "Hailiang Group") that has non-controlling interests that are material to the Group. Hailiang Group was acquired from a third party on 31 July 2017. The amounts disclosed for the Hailiang Group are before inter-company eliminations.

Summarised balance sheet as at 31 December 2022 and 2021

	As at 31 December	
	2022 **RMB'000**	2021 RMB'000
Non-current assets	**971,975**	1,069,387
Non-current liabilities	**(1,483,039)**	(644,384)
Non-current net assets	**(511,064)**	425,003
Current assets	**14,934,933**	14,193,050
Current liabilities	**(7,294,658)**	(3,877,841)
Current net assets	**7,640,275**	10,315,209
Net assets	**7,129,211**	10,740,212
Proportionate share of the net assets attributable to non-controlling interests	**3,448,811**	5,125,746

11 Subsidiaries (continued)

(b) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised income statement and statement of comprehensive income for the years ended 31 December 2022 and 2021

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2021 RMB'000
Profit before income tax	346,997	436,217
Income tax expense	(93,028)	(60,732)
Profit for the year	253,969	375,485
Total comprehensive income for the year	253,969	375,485
Total profit and comprehensive income for the year allocated to non-controlling interests	122,147	269,472

Summarised statement of cash flows for the years ended 31 December 2022 and 2021

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2021 RMB'000
Net cash used in operating activities	(847,765)	(969,213)
Net cash used in investing activities	(355,302)	(406,201)
Net cash generated from financing activities	64,664	57,118
Net decrease in cash and cash equivalents	(1,138,403)	(1,318,296)
Cash and cash equivalents at beginning of the year	1,994,839	3,313,135
Cash and cash equivalents at end of the year	856,436	1,994,839

12 Investments accounted for using the equity method

(a) Investments accounted for using the equity method

The Group considers that none of the joint ventures or associates as at 31 December 2022 was significant to the Group and thus the individual financial information of the joint ventures or associates was not disclosed (2021: same). The summarised financial information of individually immaterial joint ventures and associates on an aggregate basis is as follows:

(i) Amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2022 **RMB'000**	2021 RMB'000
Investments accounted for using the equity method:		
— Joint ventures	**3,825,573**	5,972,032
— Associates	**1,628,301**	5,883,064
	5,453,874	11,855,096

(ii) The amounts recognised in the consolidated income statement are as follows:

	As at 31 December	
	2022 **RMB'000**	2021 RMB'000
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method:		
— Joint ventures	**407,894**	194,232
— Associates	**106,329**	(91,992)
	514,223	102,240

(iii) During the year ended 31 December 2021, the Group made equity investments with total consideration of RMB1,469,190,000 (2022: nil) in certain real estate project companies where the Group has significant influence or jointly controls. The Group accounted for these equity investments using the equity method.

12 Investments accounted for using the equity method (continued)

(b) Set out below are material joint ventures and associates of the Group as at 31 December 2022. The place of incorporation or registration is also their principal place of business.

Name of entity		Place of incorporation and business	% of ownership interest	Measurement method	Principal activities
Joint ventures					
杭州融晅房地產開發有限公司	Hangzhou Rongxun Real Estate Development Co., Ltd.	PRC	82%	Equity	Property development
保定智泰房地產開發有限公司	Baoding Zhitai Real Estate Development Co., Ltd.	PRC	50%	Equity	Property development
杭州融幸商業發展有限公司	Hangzhou Rongxing Commercial Development Co., Ltd.	PRC	66%	Equity	Property development
海融(漳州)房地產有限公司	Hairong (Zhangzhou) Real Estate Co., Ltd.	PRC	50%	Equity	Property development
福州裕百川房地產開發有限公司	Fuzhou Yubaichuan Real Estate Development Co., Ltd.	PRC	34%	Equity	Property development
杭州眾旭置業有限公司	Hangzhou Zhongxu Property Co., Ltd.	PRC	30%	Equity	Property development
東台市新碧房地產開發有限公司	Dongtai Xinbi Real Estate Development Co., Ltd.	PRC	11%	Equity	Property development
阜陽綠地置業有限公司	Fuyang Greenland Property Co., Ltd.	PRC	18%	Equity	Property development
金華市瑞盈房地產有限公司	Jinhua Ruiying Real Estate Co., Ltd.	PRC	50%	Equity	Property development
慈溪市金桂置業有限公司	Cixi Jingui Property Co., Ltd.	PRC	21%	Equity	Property development
杭州乾唐房地產開發有限公司	Hanzhou Qiantang Real Estate Development Co., Ltd.	PRC	34%	Equity	Property development
杭州星榮置業有限公司	Hanzhou Xingrong Property Co., Ltd.	PRC	20%	Equity	Property development

12 Investments accounted for using the equity method (continued)

(b) Set out below are material major joint ventures and associates of the Group as at 31 December 2022. The place of incorporation or registration is also their principal place of business. (continued)

Name of entity		Place of incorporation and business	% of ownership interest	Measurement method	Principal activities
Associates					
杭州銘昱房地產開發有限公司	Hangzhou Mingyu Real Estate Development Co., Ltd.	PRC	49%	Equity	Property development
南通江河置業有限公司	Nantong Jianghe Property Co., Ltd.	PRC	50%	Equity	Property development
杭州龍毅房地產開發有限公司	Hangzhou Longyi Real Estate Development Co., Ltd.	PRC	49%	Equity	Property development
杭州融洽實業有限公司	Hangzhou Rongqia Industrial Co., Ltd.	PRC	49%	Equity	Property development
青島西海岸科創投資開發有限公司	Qingdao West Coast Kechuang Investment Development Co., Ltd.	PRC	15%	Equity	Property development
鎮江億騰房地產開發有限公司	Zhenjiang Yiteng Real Estate Development Co., Ltd.	PRC	18%	Equity	Property development
杭州錦虹房地產開發有限公司	Hanzhou Jinhong Real Estate Development Co., Ltd.	PRC	25%	Equity	Property development
杭州濱興實業有限公司	Hangzhou Binxing Industrial Co., Ltd.	PRC	20%	Equity	Property development

The English names of PRC companies above represent management's best effort in translating their Chinese names as no English names have been registered or available.

13 Income tax expenses

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax:		
PRC corporate income tax	**571,934**	738,717
PRC LAT	**102,175**	120,859
	674,109	859,576
Deferred income tax:		
PRC corporate income tax (note 27)	**(146,277)**	(113,708)
Income tax expenses	**527,832**	745,868

The income tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
(Loss)/profit before income tax	**(11,912,118)**	2,472,600
Less: share of net profits of associates and joint ventures	**(514,223)**	(102,240)
	(12,426,341)	2,370,360
Tax calculated at applicable corporate income tax rates	**(3,176,519)**	541,522
Effect of income not taxable for tax purpose	**(11,436)**	(13,388)
Effect of expenses not deductible for tax purpose	**126,767**	60,425
Effect of tax losses not recognised as deferred tax assets	**3,512,389**	66,665
PRC LAT deductible for income tax purpose	**(25,544)**	(30,215)
PRC corporate income tax	**425,657**	625,009
PRC LAT	**102,175**	120,859
	527,832	745,868

Deferred tax liabilities of RMB797,274,700 (2021: RMB1,920,758,300) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries amounting to RMB7,972,747,000 as at 31 December 2022 (31 December 2021: RMB19,207,583,000). The Group does not have a plan to distribute these earnings out of the PRC in the foreseeable future.

13 Income tax expense (continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2022 and 2021, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008.

PRC LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

Hong Kong profits tax

The applicable Hong Kong profits tax rate was 16.5% for the year ended 31 December 2022 (2021: 16.5%). Hong Kong profits tax was not been provided as the Group did not have any assessable profit subject to Hong Kong profits tax for the year ended 31 December 2022 (2021: nil).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act Cap.22 of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

14 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to owners of the Company (RMB'000)	**(11,234,836)**	1,295,049
Weighted average number of ordinary shares in issue	**1,683,431,417**	1,683,782,376
Basic (loss)/earnings per share (RMB per share)	**(6.67)**	0.77

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to owners of the Company (RMB'000)	**(11,234,836)**	1,295,049
Weighted average number of ordinary shares in issue	**1,683,431,417**	1,683,782,376
Adjustments – share options and awarded shares	**—**	—
Weighted average number of ordinary shares for diluted (loss)/earnings per share	**1,683,431,417**	1,683,782,376
Diluted (loss)/earnings per share (RMB per share)	**(6.67)**	0.77

The Company repurchased and cancelled 1,830,000 of its own ordinary shares of the Company during the year ended 31 December 2021 (2022: nil).

15 Property, plant and equipment

	Buildings RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements and furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2021					
Cost	1,656,330	53,277	60,364	129,516	1,899,487
Accumulated depreciation	(277,883)	(42,861)	(45,224)	(108,580)	(474,548)
Net book amount	1,378,447	10,416	15,140	20,936	1,424,939
Year ended 31 December 2021					
Opening net book amount	1,378,447	10,416	15,140	20,936	1,424,939
Acquisition of subsidiaries	—	15	—	110	125
Disposal of subsidiaries	—	(131)	(947)	(744)	(1,822)
Additions	—	1,803	3,907	11,171	16,881
Disposals	(146,426)	(5,906)	(820)	(16,783)	(169,935)
Depreciation charges	(68,922)	(3,026)	(4,525)	(4,496)	(80,969)
Closing net book amount	1,163,099	3,171	12,755	10,194	1,189,219
At 31 December 2021					
Cost	1,370,072	52,957	50,147	129,623	1,602,799
Accumulated depreciation	(206,973)	(49,786)	(37,392)	(119,429)	(413,580)
Net book amount	1,163,099	3,171	12,755	10,194	1,189,219
Year ended 31 December 2022					
Opening net book amount	**1,163,099**	**3,171**	**12,755**	**10,194**	**1,189,219**
Acquisition of subsidiaries (Note 34)	**10,527**	**—**	**8**	**259**	**10,794**
Disposal of subsidiaries	**(555)**	**(304)**	**(568)**	**(57)**	**(1,484)**
Additions	**—**	**95**	**43**	**16,306**	**16,444**
Disposals	**—**	**(287)**	**(667)**	**(1,144)**	**(2,098)**
Depreciation charges	**(77,853)**	**(1,339)**	**(2,638)**	**(24,264)**	**(106,094)**
Closing net book amount	**1,095,218**	**1,336**	**8,933**	**1,294**	**1,106,781**
At 31 December 2022					
Cost	**1,380,044**	**52,461**	**48,963**	**144,987**	**1,626,455**
Accumulated depreciation	**(284,826)**	**(51,125)**	**(40,030)**	**(143,693)**	**(519,674)**
Net book amount	**1,095,218**	**1,336**	**8,933**	**1,294**	**1,106,781**

15 Property, plant and equipment (continued)

As at 31 December 2022 and 2021, certain properties, plant and equipment of the Group are pledged as security for the borrowings of the Group (Note 33).

16 Leases

(i) Amounts recognised in the balance sheet:

	31 December 2022	31 December 2021
	RMB'000	RMB'000
Right-of-use assets		
Land use rights (a)	388,857	403,963
Properties	17,447	32,986
	406,304	436,949
Lease liabilities		
Current	14,189	13,175
Non-current	5,777	20,643
	19,966	33,818

Additions to the right-of-use assets during the 2022 financial year were RMB7,463,000 (2021: RMB29,505,000).

(a) As at 31 December 2022 and 2021, certain land use rights of the Group are pledged as security for the borrowings of the Group (Note 33).

16 Leases (continued)

(ii) Amounts recognised in the statement of profit or loss

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2021 RMB'000
Depreciation charge of right-of-use assets:		
Land use rights	**15,105**	15,111
Properties	**21,283**	21,628
	36,388	36,739
Interest expense (included in finance costs)	**1,315**	2,758
Expense relating to short-term leases and low-value assets (included in administrative expenses) (Note 7)	**24,679**	60,780
	25,994	63,538
Cash outflow for leases payments	**45,588**	108,334

(iii) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices. Rental contracts are typically made for fixed periods of 2 to 4 years, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

17 Investment properties

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Non-current assets – at fair value:		
Opening balance at 1 January	**12,718,617**	14,487,730
Additions	**453,792**	769,759
Disposal of subsidiaries	**(113,300)**	(2,506,620)
Fair value loss	**(739,009)**	(32,252)
Closing balance at 31 December	**12,320,100**	12,718,617
Total loss for the year recognised in profit or loss and included in "fair value losses on investment properties" of the consolidated income statement – unrealised	**(739,009)**	(32,252)
Rental income (Note 6)	**175,723**	164,302

(a) As at 31 December 2022, the Group had no contractual obligations for repairs, maintenance or enhancements (2021: same).

(b) As at 31 December 2022 and 2021, certain investment properties of the Group are pledged as security for the borrowings of the Group (Note 33).

(c) The capitalisation rate of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year ended 31 December 2022, which is 6.67% (2021: 6.73%).

(d) The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include no variable lease payments that depend on a rate. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

(e) The future aggregate minimum rental receivables under non-cancellable operating lease are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
— Not later than one year	**135,849**	118,961
— Later than one year and not later than five years	**484,457**	447,575
— Later than five years	**758,836**	774,216
	1,379,142	1,340,752

18 Financial assets at fair value through profit or loss

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Non-current assets		
— Unlisted equity securities	**488,005**	689,668
Current assets		
— Trusts and wealth management products	**425,874**	448,854
	913,879	1,138,522

The investments represented mainly unlisted equity investments in various real estate entities which the Group holds less than 20% equity interest and various funds, trusts and wealth management products. These investments were not traded in active markets. The fair value of investment funds and trusts were determined in accordance with observable market data, which were categorised within level 2 of the fair value hierarchy. The fair value of the equity of unlisted real estate entities and wealth management products were determined based on unobservable market data, which were categorised within level 3 of the fair value hierarchy. Fair value losses on financial assets at FVPL recognised in "other gains or losses" was RMB14,616,000 for the year ended 31 December 2022 (2021: fair value gains on financial assets at FVPL of RMB25,970,000) (Note 9).

19 Financial instruments by category

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Financial assets:		
Financial assets at amortised cost		
– Trade receivables and other receivables	**21,020,538**	21,178,657
– Amounts due from related parties	**8,340,903**	11,285,065
– Cash and bank balances	**9,543,936**	22,055,446
Financial assets at fair value through profit or loss	**913,879**	1,138,522
	39,819,256	55,657,690
Financial liabilities:		
Liabilities at amortised cost		
– Trade and other payables, excluding accrual for staff costs and allowances and other taxes payable	**13,711,560**	20,898,724
– Amounts due to related parties	**7,075,544**	9,087,530
– Borrowings	**42,403,668**	56,777,921
	63,190,772	86,764,175

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Properties under development expected to be completed		
– Within normal operating cycle included under current assets	**94,305,792**	127,448,610

The normal operating cycle of the Group's property development generally ranges from one to three years.

The amounts of RMB37,773,591,000 as at 31 December 2022 (2021: RMB45,305,531,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Properties under development:		
– Construction costs	**14,331,284**	22,295,891
– Capitalised interests	**11,858,401**	16,537,722
– Land use rights	**68,116,107**	88,614,997
	94,305,792	127,448,610
Completed properties held for sale:		
– Construction costs	**11,158,873**	9,660,231
– Capitalised interests	**4,601,651**	2,372,004
– Land use rights	**6,893,893**	6,854,878
	22,654,417	18,887,113

20 Properties under development and completed properties held for sale (continued)

(a) Assigning costs to properties under development and completed properties held for sale

The costs of individual items of properties under development are determined where costs are assigned by specific identification and include the cost of acquisition, development and borrowing costs incurred during the development. See Note 2.15 for the Group's accounting policies for properties under development and completed properties held for sale.

The capitalisation rate of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year ended 31 December 2022, which is 6.67% per annum (2021: 6.73% per annum).

(b) Amounts recognised in profit or loss

Completed properties held for sale recognised as costs of sales during the year ended 31 December 2022 amounted to RMB30,085,680,000 (2021: RMB28,346,729,000).

Write-downs of the properties under development and completed properties held for sale to net realisable value amounted to RMB7,239,244,000 (2021: RMB225,109,000), which were recognised as costs of sales during the year ended 31 December 2022.

(c) Pledge information

As at 31 December 2022 and 2021, certain properties under development and completed properties held for sale of the Group are pledged as security for the borrowings of the Group (Note 33).

21 Cash and bank balances

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash and cash equivalents	**4,788,429**	11,719,745
Term deposits (Note (a))	**781,000**	3,852,874
Restricted cash (Note (b))	**3,974,507**	6,482,827
	9,543,936	22,055,446

(a) The weighted average effective interest rate of the Group's term deposits as at 31 December 2022 was 2.02% per annum (31 December 2021: 3.26% per annum). The carrying amounts of the Group's term deposits approximate their fair values, as the impact of discounting is not significant.

21 Cash and bank balances (continued)

(b) Amounts mainly represent cash deposits with designated banks as guarantee deposits for construction of properties, securities for borrowings and for issuance of commercial bills.

In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place certain amount of properties presale proceeds at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

22 Contract assets and liabilities

The Group has recognised following assets and liabilities related to contracts with customer:

	Year ended 31 December	
	2022 **RMB'000**	2021 RMB'000
Current contract assets:		
Contract cost – sales commission	**580,571**	963,264
Contract assets – provision of construction service	**741,355**	263,980
	1,321,926	1,227,244
Current contract liabilities – sales of properties	**80,638,097**	90,094,226

(i) Revenue recognised in relation to contract liabilities

(a) The following table set out the amount of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2022 **RMB'000**	2021 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the period — sales of properties	**23,252,680**	24,242,908

(b) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 31 December 2022 and 31 December 2021.

23 Trade and other receivables and prepayments

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables (Note (a))	**45,395**	798,941
Other receivables:		
— Amounts due from minority interests	**11,198,314**	8,594,504
— Deposits for acquisition of land use rights and property development projects	**8,359,431**	8,832,887
— Other amounts due from third parties	**1,884,781**	2,496,070
— Deposits for construction contracts	**291,801**	436,842
— Others	**54,417**	44,692
Less: loss allowance	**(813,601)**	(25,279)
	20,975,143	20,379,716
Prepayments:		
— Prepayments for acquisition of land use rights	**1,230,590**	6,897,082
— Prepaid value added tax, business taxes and other taxes	**5,051,471**	4,440,430
— Others	**163,166**	134,784
	6,445,227	11,472,296
Current portion of trade and other receivables and prepayments	**27,465,765**	32,650,953

23 Trade and other receivables and prepayments (continued)

(a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements.

Ageing analysis of the trade receivables is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within one year	**9,333**	798,941
Over one year	**36,062**	—
	45,395	798,941

These trade receivables relate to a number of independent customers for whom there is no significant financial difficulty. Management does not expect any credit loss for these trade receivables.

(b) As at 31 December 2022, the Group's trade and other receivables were mainly denominated in RMB (2021: same). As at 31 December 2022, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (2021: same).

24 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total
		HK$	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,685,261,417	16,823	15	3,786,195	3,786,210
Buy-back and cancellation of shares (Note (b))	(1,830,000)	(18)	—	(8,341)	(8,341)
Final dividend of 2020 (Note 28)	—	—	—	(695,173)	(695,173)
At 31 December 2021, 1 January 2022 and 31 December 2022	1,683,431,417	16,805	15	3,082,681	3,082,696

(a) The authorised share capital of the Company as at 31 December 2022 was HK$380,000 (2021: same) divided into 38,000,000,000 shares (2021: same).

(b) The Company acquired 1,830,000 of its own shares through purchases from the stock market during the year ended 31 December 2021 for cash totalling HK$9,968,000 (equivalent to RMB8,341,000) and which was deducted from the share premium account. The shares were cancelled after the repurchase.

25 Other reserves

(a) Capital reserves

Capital reserves mainly represented accumulated capital contribution from the then shareholders of the Group companies.

(b) Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

(c) Share-based compensation reserves

The Company approved and adopted a share option scheme on 28 December 2015 (the "Share Option Scheme"). Share options under the Share Option Scheme (the "Option") are granted to eligible participant (the "Eligibles") including directors and other employees. Options are conditional on the Eligibles have served the Group for certain periods (the vesting period). Share Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

On 5 January 2017, approximately 62,469,000 Options (the "2017 Options") were granted to Eligibles with an exercise price of HK$5.96 per share. The expiry date of the Options will be 4 January 2022.

On 30 April 2019, approximately 26,571,973 share options (the "2019 Options") were granted to Eligibles with an exercise price of HK$10.80 per share. The expiry date of the 2019 Options will be 4 January 2022.

There were two types of vesting schedule for above share options, which are: i) 30% of the options will be vested after 12 months of the grant date; 30% of the options will be vested after 24 months of the grant date and the remaining 40% will be vested after 36 months of the grant date, ii) options will be vested after 8 months of the grant date. Particulars of Options are as follows:

25 Other reserves (continued)

(c) Share-based compensation reserves (continued)

Set out below are movements of Options granted under the Share Option Scheme:

	Average exercise price in HK$ Per share under option	Number of Options
As at 1 January 2021	8.23	42,670,000
Lapsed during the year	7.24	(6,231,000)
As at 31 December 2021 and 1 January 2022	**8.53**	**36,439,000**
Lapsed during the year	**8.53**	**(36,439,000)**
At 31 December 2022	**—**	**—**

The share options above are fully vested and exercisable.

The fair values of Options were determined by reference to valuation prepared by an independent valuer. The significant inputs in the model were as follows:

	2017 Options	2019 Options
Fair value per Option at measurement date	HK$1.88 to HK$1.99	HK$2.38 to HK$2.41
(a) expected maturity date:	4 January 2022	4 January 2022
(b) stock price at grant date and exercise price:	HK$5.96 per share	HK$10.80 per share
(c) volatility:	34.41%	41.56%
(d) annual risk-free interest rate:	2.09%	2.04%
(e) dividend yield	nil	2.80%
(f) suboptimal factors:	2 or 3	1.69 to 1.77

No expense was recognised in consolidated income statement for share options granted to directors and employees for the year ended 31 December 2022 (2021: nil).

26 Borrowings

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Senior notes – unsecured (Note (a))	**15,563,486**	18,373,958
Asset backed securities ("ABS") – secured (Note (b))	**2,160,100**	4,029,310
Corporate bonds – unsecured	**8,599,124**	8,597,029
Borrowings from financial institutions – secured (Note (c))	**15,197,983**	24,992,849
Less: current portion of non-current borrowings	**(18,902,137)**	(21,948,924)
	22,618,556	34,044,222
Borrowings included in current liabilities:		
Borrowings from financial institutions – secured (Note (c))	**882,975**	784,775
Current portion of non-current borrowings	**18,902,137**	21,948,924
	19,785,112	22,733,699
Total borrowings	**42,403,668**	56,777,921

(a) The senior notes are guaranteed and secured by equity interests of certain non-PRC subsidiaries.

(b) The ABS was pledged by the right of receipt of proceeds arising from the Group's sales of certain properties or rental income.

(c) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 33.

26 Borrowings (continued)

(d) At 31 December, the Group's borrowings were repayable as follows:

	As at 31 December	
	2022 **RMB'000**	2021 RMB'000
On demand or within 1 year	**19,785,112**	22,733,699
Between 1 and 2 years	**17,301,277**	29,590,632
Between 2 and 5 years	**5,317,279**	4,453,590
Over 5 years	**—**	—
Total	**42,403,668**	56,777,921

(e) The weighted average effective interest rates are as follows:

	As at 31 December	
	2022	2021
Senior notes	**8.11%**	8.30%
Asset backed securities	**5.20%**	5.52%
Corporate bonds	**6.41%**	6.41%
Borrowings from financial institutions	**6.12%**	4.96%

(f) The Group's borrowings were denominated:

	As at 31 December	
	2022 **RMB'000**	2021 RMB'000
— RMB	**26,829,821**	38,072,304
— US$	**15,563,486**	18,373,958
— HKD	**10,361**	331,659
	42,403,668	56,777,921

(g) The fair value of senior notes as at 31 December 2022 was RMB1,195,882,000 (2021: RMB8,312,116,000), which was quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than senior notes approximate their fair values as at 31 December 2022 (2021: same) as either the impact of discounting were not significant or the borrowings carry floating rates of interests.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 3.1.

27 Deferred tax assets and liabilities

(i) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred tax assets		
— to be recovered within 12 months	**345,667**	113,551
— to be recovered after 12 months	**824,517**	775,777
Total deferred tax assets before net off	**1,170,184**	889,328
Net of deferred tax liabilities	**(471,769)**	(209,801)
	698,415	679,527
Deferred tax liabilities		
— to be recovered within 12 months	**(305,876)**	(279,406)
— to be recovered after 12 months	**(1,452,577)**	(1,743,541)
Total deferred tax liabilities before net off	**(1,758,453)**	(2,022,947)
Net of deferred tax assets	**471,769**	209,801
	(1,286,684)	(1,813,146)
	(588,269)	(1,133,619)

The net movement on the deferred tax accounts before set-off is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
At 1 January	**(1,133,619)**	(1,247,327)
Credited to the consolidated income statement (Note 13)	**146,277**	113,708
Business combination	**297,727**	—
Disposal of subsidiaries	**101,346**	—
At 31 December	**(588,269)**	(1,133,619)

Notes to the Consolidated Financial Statements

27 Deferred tax assets and liabilities (continued)

(ii) The movement in deferred tax assets and liabilities before set-off during the years are as follows:

	Deferred tax assets – tax losses and others RMB'000	Deferred tax liabilities – fair value gains RMB'000	Deferred tax liabilities – excess of carrying amount of PUD and PHS over the tax bases RMB'000
At 1 January 2021	781,423	(911,640)	(1,117,110)
Credited to the consolidated income statement	107,905	5,803	—
At 31 December 2021	889,328	(905,837)	(1,117,110)
At 1 January 2022	**889,328**	**(905,837)**	**(1,117,110)**
Acquisition of subsidiaries	**297,727**	**—**	**—**
Disposal of subsidiaries	**(183,887)**	**11,343**	**273,890**
Credited to the consolidated income statement	**167,016**	**(20,739)**	**—**
At 31 December 2022	**1,170,184**	**(915,233)**	**(843,220)**

28 Dividend

The directors of the Company do not recommend payment of any final dividend for the year ended 31 December 2022 (2021: nil).

29 Trade and other payables

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables (Note (a))	**6,902,760**	12,983,551
Notes payable	**485,721**	491,684
Other payables:		
— Amounts due to minority interests (Note (b))	**3,410,852**	5,425,108
— Deposits received for sales of properties	**572,118**	204,726
— Other taxes payable	**7,877,079**	8,519,442
— Interests payable	**1,244,437**	632,857
— Deposits from contractors and suppliers	**960,423**	916,770
— Accrued payroll	**125,152**	175,986
— Dividend payable	**42,288**	4,724
— Others	**92,966**	239,304
	21,713,796	29,594,152

(a) The ageing analysis of the trade payables is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within one year	**5,412,046**	9,873,830
Over one year	**1,490,714**	3,109,721
	6,902,760	12,983,551

(b) Included in amounts due to minority interests of approximately RMB162,800,000 are interest bearing and repayable within one year from 31 December 2022 (2021: RMB116,500,000).

(c) The carrying amounts of trade and other payables were considered to be approximate to their fair values.

30 Cash flow information

(a) Net cash (used in)/generated from operating activities:

	Year ended 31 December	
	2022 **RMB'000**	2021 RMB'000
Profit before income tax	**(11,912,118)**	2,472,600
Adjustments for:		
– Depreciation charges	**106,094**	46,176
– Net impairment losses/(gains) on financial assets	**788,322**	(4,600)
– Finance costs/(income)	**1,811,090**	(100,218)
– Other income	**(101,186)**	(373,661)
– Amortisation of intangible assets	**610**	2,232
– Amortisation of right-of-use assets	**36,388**	36,739
– Provision for write-down of properties under development and completed held for sale	**7,014,135**	225,109
– Gains from disposal of property, plant and equipment	**(25,308)**	(147,583)
– Fair value losses on investment properties	**739,009**	32,252
– Share of net profits of investments accounted for using the equity method	**(514,223)**	(102,240)
– Fair value losses/(gains) on financial assets at FVPL	**14,616**	(25,970)
– Loss from disposal of associate and joint ventures	**628,932**	67,135
Changes in working capital:		
– Properties under development and completed properties held for sale	**36,598,286**	(13,853,474)
– Contract assets	**(94,682)**	(128,580)
– Trade and other receivables	**(12,413,788)**	(6,852,994)
– Prepayments	**5,027,069**	107,845
– Contract liabilities	**(11,206,556)**	27,201,712
– Trade and other payables	**(4,808,387)**	2,204,563
– Amounts due to related parties	**—**	117,360
– Restricted cash	**408,320**	(1,940,485)
Cash generated from operations	**12,096,623**	8,983,918

30 Cash flow information (continued)

(b) Non-cash financing activities

No major non-cash transactions incurred during the years ended 31 December 2022 and 2021.

(c) Reconciliation of liabilities arising from financing activities

	1 January 2022 RMB'000	Financing cash flow – net RMB'000	Non-cash items RMB'000	31 December 2022 RMB'000
Borrowings	**56,777,921**	**(14,111,053)**	**(263,200)**	**42,403,668**
Lease liabilities	**33,818**	**(19,595)**	**5,743**	**19,966**
Amounts due to related parties	**9,087,530**	**(2,011,986)**	**—**	**7,075,544**
	65,899,269	**(16,142,634)**	**(257,457)**	**49,499,178**

	1 January 2021 RMB'000	Financing cash flow – net RMB'000	Non-cash items RMB'000	31 December 2021 RMB'000
Borrowings	71,859,732	(15,081,811)	—	56,777,921
Lease liabilities	25,331	(21,018)	29,505	33,818
Amounts due to related parties	5,164,359	3,796,208	126,963	9,087,530
	77,409,422	18,857,001	156,468	65,899,269

Notes to the Consolidated Financial Statements

31 Financial guarantee

	As at 31 December	
	2022 **RMB'000**	2021 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	**20,412,674**	24,933,420
Guarantee provided for the borrowings of the joint ventures (Note (b))	**1,800,806**	907,700
Guarantee provided for the borrowings of associates (Note (b))	**2,666,158**	1,015,300
Guarantee provided for the borrowings of independent third parties	**—**	2,100,000
	24,879,638	28,956,420

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgage loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The repayment was on schedule and the risk of default in payment was remote. The directors of the Company consider that the fair value of these financial guarantee contracts at the date of inception was minimal. The directors consider that the likelihood of loss of the Group resulting from the default in payments by purchasers is minimal and therefore no provision has been made in the consolidated financial statements for the financial guarantee contracts.

(b) Amounts represented the maximum exposure of the guarantees provided by the Group. The repayment was on schedule and the risk of default in payment was remote. The directors of the Company consider that the fair value of these financial guarantee contracts at the date of inception was minimal. The directors consider that the likelihood of loss of the Group resulting from the default in payments by joint ventures and associates is minimal and therefore no provision has been made in the consolidated financial statements for the financial guarantee contracts.

32 Commitments

(a) Commitments for property development expenditures and equity investments as at 31 December 2022 and 2021 were as follows:

	As at 31 December	
	2022 **RMB'000**	2021 RMB'000
Contracted but not provided for		
— Property development activities	**13,756,884**	21,175,741
— Land use rights	**1,906,852**	1,704,708
	15,663,736	22,880,449

(b) Operating leases commitments – the Group as lessee

As at 31 December 2022, the Group did not have any material short-term and low-value lease commitment (2021: same).

33 Assets pledged as security

		As at 31 December	
	Notes	**2022 RMB'000**	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**1,053,348**	908,714
Land use rights	16	**155,191**	243,695
Investment properties	17	**4,186,504**	4,104,000
Total non-current assets pledged as security		**5,395,043**	5,256,409
Current assets			
Properties under development and completed properties held for sale	20	**47,404,424**	36,418,158
Restricted cash		**—**	2,100,000
Total current assets pledged as security		**47,404,424**	38,518,158
Total assets pledged as security		**52,799,467**	43,774,567

All above assets of the Group are pledged as security for the borrowings from financial institutions of the Group (Note 26).

Investments amounting to approximately RMB1,688,401,000 (2021: RMB7,065,799,000) in certain subsidiaries directly or indirectly held by the Company were pledged as security for borrowings of the Group at 31 December 2022.

34 Acquisition of subsidiaries and disposal of subsidiaries

(a) Summary of acquisition of subsidiaries

During the year ended 31 December 2022, the Group acquired certain subsidiaries engaged in property development in the PRC.

The following table summaries the considerations paid for acquisitions of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition dates.

	RMB'000
Purchase consideration – cash	222,338

The assets and liabilities recognised as a result of the acquisitions on the acquisition dates are as follows:

	Fair value RMB'000
Property, plant and equipment	10,794
Properties under development	5,368,402
Investments accounted for using the equity method	5,009,273
Trade and other receivables and prepayments (Note (i))	1,028,223
Deferred tax assets	297,727
Prepaid taxation	150,571
Cash and bank balances	147,001
Trade and other payables	(6,499,619)
Borrowings	(433,000)
Contract liabilities	(4,818,993)
Net identifiable assets acquired	260,379
Less: non-controlling interests	(38,041)
Net assets acquired	222,338

(i) Acquired receivables

The fair value of acquired trade and other receivables and prepayments was equal to its gross contractual amounts receivable. At the acquisition dates, none of such balance was expected to be uncollectible.

34 Acquisition of subsidiaries and disposal of subsidiaries (continued)

(a) Summary of acquisition of subsidiaries (continued)

(ii) Accounting policy choice for non-controlling interests

The Group elected to recognise the non-controlling interests at its proportionate share of the fair value of the acquired net identifiable assets.

(iii) Revenue and profit contribution

The acquired business contributed loss of RMB173,178,000 with no revenue to the Group for the period from the respective acquisition dates to 31 December 2022. If the acquisitions had occurred on 1 January 2022, consolidated revenue and consolidated profit after tax for the year ended 31 December 2022 of the Group would have been RMB87,530,000 and loss of RMB160,514,000, respectively.

(iv) Purchase consideration – cash outflow

The cash impact arising from acquisition in above transactions are summarised as follows:

	2021 RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	222,338
Less: cash and bank balance acquired	(147,001)
Net outflow of cash – investing activities	75,336

Notes to the Consolidated Financial Statements

34 Acquisition of subsidiaries and disposal of subsidiaries (continued)

(b) Summary of disposal of Subsidiaries

(i) During the year ended 31 December 2022, the Group disposed of certain subsidiaries engaged in property development in the PRC. The financial impacts arising from the acquisition are summarised as follows.

	RMB'000
Cash considerations received or receivable	511,240
Total net assets disposed of	2,634,513
Non-controlling interest disposed of	(1,262,829)
Loss on disposal of subsidiaries	860,445

(ii) The cash impact arising from the disposals in above transactions are summarised as follows:

	RMB'000
Cash considerations received as of 31 December 2022	511,240
Cash and cash equivalents of the subsidiaries disposed of	(2,014,029)
Net cash outflow for disposal of subsidiaries	(1,502,789)

35 Significant related party transactions

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest As at 31 December 2022	2021
Dingxin Company Limited ("Dingxin")	Immediate parent company of the Company	BVI	**66.77%**	66.77%
TMF (Cayman) Limited	Ultimate parent entity and controlling party	The Cayman Islands	**66.77%**	66.77%

(b) Subsidiaries

Interests in subsidiaries are set out in Note 11(a).

(c) Major related parties that had significant transactions during the year with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou 歐先生	Controlling Shareholder and Director of the Company
Ronshine Service Holding Co., Ltd. 融信服務集團股份有限公司	A Company Controlled by the Controlling Shareholder
Xiujing (Fujian) Landscape Engineering Co., Ltd. 秀景(福建)園林工程有限公司	A Company Controlled by the Controlling Shareholder
Fujian Rongdaxin Investment Co., Ltd. 福建融達信投資有限公司	Joint Venture
Nanjing Kaijingsheng Real Estate Development Co., Ltd. 南京愷璟晟房地產開發有限公司	Joint Venture
Hangzhou Ronghao Property Co., Ltd. 杭州融浩置業有限公司	Joint Venture
Ningbo Fenghua Hedu Real Estate Development Co., Ltd. 寧波奉化和都房地產開發有限公司	Joint Venture

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Hexin Real Estate Development Co., Ltd. 杭州和昕房地產開發有限公司	Joint Venture
Tianjin Jinrui Property Co., Ltd. 天津金銳置業有限公司	Joint Venture
Qiaocheng Real Estate Group Chongqing Kaizhou District Co., Ltd. 僑城地產集團重慶市開州區有限責任公司	Joint Venture
Zhejiang Kunchuang Property Co., Ltd. 浙江坤創置業有限公司	Joint Venture
Neijiang Wanwei Property Co., Ltd. 內江萬為置業有限公司	Joint Venture
Huzhou Rongda Real Estate Development Co., Ltd. 湖州融達房地產開發有限公司	Joint Venture
Hangzhou Rongxun Real Estate Development Co., Ltd. 杭州融晅房地產開發有限公司	Joint Venture
Baoding Zhitai Real Estate Development Co., Ltd. 保定智泰房地產開發有限公司	Joint Venture
Chongqing Yicheng Yugao Intelligent Technology Co., Ltd. 重慶頤城俞高智慧科技有限公司	Joint Venture
Fuzhou Rongxinglan Real Estate Development Co., Ltd. 福州融興藍房地產開發有限公司	Joint Venture
Mianyang Wanwei Jinxin Real Estate Development Co., Ltd. 綿陽萬為金心房地產開發有限公司	Joint Venture
Hangzhou Kailian Property Co., Ltd. 杭州愷聯置業有限公司	Joint Venture
Hangzhou Rongxing Commercial Development Co., Ltd. 杭州融幸商業發展有限公司	Joint Venture
Nanjing Taiyi Hexin Enterprise Management Consulting Co., Ltd. 南京泰熠和信企業管理諮詢有限公司	Joint Venture
Dazhou Qiangyu Real Estate Development Co., Ltd. 達州強譽房地產開發有限公司	Joint Venture
Zhoushan Kairong Real Estate Development Co., Ltd. 舟山愷融房地產開發有限公司	Joint Venture

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Fuzhou Hongbailong Real Estate Development Co., Ltd. 福州泓百隆房地產開發有限公司	Joint Venture
Rong Rui Co., Ltd. 融瑞有限公司	Joint Venture
Fujian Rongteng Property Co., Ltd. 福建融騰置業有限公司	Joint Venture
Hangzhou Xinchen Property Co., Ltd. 杭州信辰置業有限公司	Joint Venture
Cixi Jingui Property Co., Ltd. 慈溪市金桂置業有限公司	Joint Venture
Jiangmen Rongchang Real Estate Development Co., Ltd. 江門市融昌房地產開發有限公司	Joint Venture
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint Venture
Qidong Bilian Property Co., Ltd. 啟東碧聯置業有限公司	Joint Venture
Anji Rongshang Real Estate Co., Ltd. 安吉融尚房地產有限公司	Joint Venture
Hangzhou Lin'an Longxing Real Estate Development Co., Ltd. 杭州臨安龍興房地產開發有限公司	Joint Venture
Jinhua Tianxi Property Co., Ltd. 金華天璽置業有限公司	Joint Venture
Hefei Hailiang Property Co., Ltd. 合肥海亮置業有限公司	Joint Venture
Kunshan Xingwei Property Co., Ltd. 昆山興未置業有限公司	Joint Venture
Jinhua Ruiying Real Estate Co., Ltd. 金華市瑞盈房地產有限公司	Joint Venture
Fuzhou Libo Shuntai Real Estate Development Co., Ltd. 福州利博順泰房地產開發有限公司	Joint Venture
Shanghai Kaidai Real Estate Development Co., Ltd. 上海愷岱房地產開發有限公司	Joint Venture

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Jiujiang Rongxi Real Estate Development Co., Ltd. 九江融璽房地產開發有限公司	Joint Venture
Hangzhou Jinguan Property Co., Ltd. 杭州錦官置業有限公司	Joint Venture
Hairong (Zhangzhou) Real Estate Co., Ltd. 海融(漳州)房地產有限公司	Joint Venture
Hangzhou Tengyi Real Estate Development Co., Ltd. 杭州騰翼房地產開發有限責任公司	Joint Venture
Hangzhou Wanjing Property Co., Ltd. 杭州萬璟置業有限公司	Joint Venture
Fuzhou Yubaichuan Real Estate Development Co., Ltd. 福州裕百川房地產開發有限公司	Joint Venture
Nanjing Huihe Property Co., Ltd. 南京薈合置業有限公司	Joint Venture
Qingdao West Coast Tianze Construction Development Co., Ltd. 青島西海岸天澤建設發展有限公司	Joint Venture
Fuyang Shangjun Real Estate Co., Ltd. 阜陽上郡房地產有限公司	Joint Venture
Dongtai Xinbi Real Estate Development Co., Ltd. 東台市新碧房地產開發有限公司	Joint Venture
Bengbu Bicheng Real Estate Development Co., Ltd. 蚌埠市碧誠房地產開發有限公司	Joint Venture
Fuyang Greenland Property Co., Ltd. 阜陽綠地置業有限公司	Joint Venture
Hangzhou Zhehan Real Estate Development Co., Ltd. 杭州哲瀚房地產開發有限公司	Associate
Hangzhou Mingyu Real Estate Development Co., Ltd. 杭州銘昱房地產開發有限公司	Associate
Nanjing Jintai Real Estate Development Co., Ltd. 南京錦泰房地產開發有限公司	Associate
Hangzhou Rongcha Industrial Co., Ltd. 杭州融洽實業有限公司	Associate

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Yongtai Baolong Real Estate Development Co., Ltd. 永泰寶龍房地產開發有限公司	Associate
Zhangzhou Vanke Binjiang Property Co., Ltd. 漳州市萬科濱江置業有限公司	Associate
Hangzhou Ronglang Real Estate Development Co., Ltd. 杭州融朗房地產開發有限公司	Associate
Hangzhou Rongxin Real Estate Development Co., Ltd. 杭州融歆房地產開發有限公司	Associate
Nantong Jianghe Property Co., Ltd. 南通江河置業有限公司	Associate
Zhenjiang Yiteng Real Estate Development Co., Ltd. 鎮江億騰房地產開發有限公司	Associate
Jiangmen Hongshun Real Estate Development Co., Ltd. 江門市弘順房地產開發有限公司	Associate
Jiaxing Zhenyue Property Co., Ltd. 嘉興臻嶽置業有限公司	Associate
Hangzhou Meishengmei Property Co., Ltd. 杭州美生美置業有限公司	Associate
Hangzhou Xuanlu Industrial Co., Ltd. 杭州宣祿實業有限公司	Associate
Hangzhou Yuqian Real Estate Development Co., Ltd. 杭州譽乾房地產開發有限公司	Associate
Qingdao West Coast Kechuang Investment Development Co., Ltd. 青島西海岸科創投資開發有限公司	Associate
Chengdu Jinfenghua Property Co., Ltd. 成都金灃華置業有限公司	Associate
Fuzhou Wanxi Real Estate Co., Ltd. 福州市萬曦房地產有限公司	Associate
Hangzhou Lvcheng Wangxi Real Estate Development Co., Ltd. 杭州綠城望溪房地產開發有限公司	Associate

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Fuzhou Yuxiang Real Estate Co., Ltd. 福州市禹翔房地產有限公司	Associate
Yinchuan Shihai Real Estate Co., Ltd. 銀川世海房地產有限公司	Associate
Yinchuan Haimao Real Estate Co., Ltd. 銀川海茂房地產有限公司	Associate
Shaanxi Shengshi Haihong Real Estate Development Co., Ltd. 陝西盛世海宏房地產開發有限公司	Associate
Shaanxi Haihe Real Estate Development Co., Ltd. 陝西海和房地產開發有限公司	Associate
Hangzhou Binming Enterprise Management Co., Ltd 杭州濱銘企業管理有限公司	Associate
Hangzhou Longyi Real Estate Development Co., Ltd 杭州龍毅房地產開發有限公司	Associate
Hangzhou Wanfeng Real Estate Development Co., Ltd 杭州萬楓房地產開發有限公司	Associate
Yueqing Rongliang Real Estate Development Co., Ltd 樂清市融梁房地產開發有限公司	Associate
Suzhou Baojing Real Estate Co., Ltd 蘇州保璟置業有限公司	Associate
Suzhou Kaixingyu Real Estate Development Co., Ltd 蘇州愷星鈺房地產開發有限公司	Associate
Nanjing Jintai Real Estate Development Co., Ltd 南京錦泰房地產開發有限公司	Associate

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Chengdu Jinfenghua Real Estate Co., Ltd 成都金灃華置業有限公司	Associate
Yongtai Baolong Real Estate Development Co., Ltd 永泰寶龍房地產開發有限公司	Associate
Jiangmen Hongshun Real Estate Development Co., Ltd 江門市弘順房地產開發有限公司	Associate

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or were available.

(d) Compensation of Key management personnel

Compensation of key management personnel other than those for directors as disclosed in Note 8(a) is set out below.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Compensation of Key management personnel:		
– Salaries and other employee benefits	**281**	4,006
– Pension costs	**2**	8
	283	4,014

35 Significant related party transactions (continued)

(e) Transactions with related parties

Save as disclosed elsewhere in these consolidated financial statements, during the year ended 31 December 2022 and 2021, the Group had the following transactions with related parties.

Services provided by related parties

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Property management services		
Other related party	**147,785**	331,228
– Ronshine Service Holding Co., Ltd.	**147,785**	331,228
Landscape engineering services		
Other related party	**220,096**	315,109
– Xiujing (Fujian) Landscape Engineering Co., Ltd	**220,096**	315,109

Services provided to related parties

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income		
– Joint ventures	**165,358**	148,386
– Associates	**—**	18,984
	165,358	167,370
Consultation services		
– Joint ventures	**57,290**	89,610
– Associates	**20,865**	6,907
	78,155	96,517

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

Refer to Note 31 for information on guarantee provided for the borrowings of the joint ventures by the Group.

35 Significant related party transactions (continued)

(f) Balances with related parties

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Amounts due from related parties		
– Joint ventures	**6,747,673**	9,612,957
– Associates	**1,586,844**	1,660,117
– Other related parties	**6,386**	11,991
– Xiujing (Fujian) Landscape Engineering Co., Ltd.	**268**	–
– Ronshine Service Holding Co., Ltd.	**6,118**	11,991
	8,430,903	11,285,065
Amounts due to related parties		
– Joint ventures	**4,389,099**	6,557,925
– Associates	**2,308,406**	2,203,273
– Other related parties	**378,039**	326,332
– Mr. Ou	**76,703**	82,009
– Ronshine Service Holding Co., Ltd.	**215,894**	159,158
– Xiujing (Fujian) Landscape Engineering Co., Ltd.	**85,442**	85,165
	7,075,544	9,087,530

Amounts due from related parties mainly represented the cash advances made to related parties which are unsecured, repayable on demand and denominated in RMB.

Amounts due to Ronshine Service Holding Co., Ltd. mainly represented the payables of property management fees which were unsecured, interest-free, to be settled according to agreed terms and were denominated in RMB.

Amounts due to Xiujing (Fujian) Landscape Engineering Co., Ltd. mainly represented the payables of landscape engineering services fee which were unsecured, interest free, to be settled according to agreed terms and were denominated in RMB.

Other amounts due to related parties mainly represented cash advances from related parties of which approximately RMB162,800,000 (2021: RMB116,500,000) are interest bearing and repayable within one year from 31 December 2022.

35 Significant related party transactions (continued)

(g) Guarantees provided by related parties

During the year ended 31 December 2021, Jiangsu Ronghua Property Development Co., Ltd ("Jiangsu Ronghua Property"), a non-wholly-owned subsidiary of the Company, and the minority shareholder of Jiangsu Ronghua Property, entered into a loan agreement with Rongxin (Fujian) Investment Group Co., Ltd ("Rongxin (Fujian) Investment"), a wholly-owned subsidiary of the Company. Pursuant to which Jiangsu Ronghua Property and its minority shareholder would provide a loan in the total principal amount of RMB185 million to Rongxin (Fujian) Investment, of which RMB130 million would be provided by Jiangsu Ronghua Property, and RMB55 million would be provided by the minority shareholder of Jiangsu Ronghua Property (the "Intra-Group Loan").

The Intra-Group Loan was guaranteed by Mr. Ou, and was secured by a pledge of 103,500,000 shares of the Company owned by Dingxin, which represent approximately 6.15% of the total issued share capital of the Company as at 31 December 2021. This amount was also guaranteed by Mr. Ruan Youzhi.

The Intra Group Loan was settled by Rongxin (Fujian) Investment during the year ended 31 December 2022.

36 Balance sheet and reserve movements of the Company

Balance sheet of the Company

		As at 31 December	
	Note	**2022** **RMB'000**	2021 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**2,032,986**	2,032,986
Financial assets at fair value through profit or loss		**70,096**	229,479
		2,103,082	2,262,465
Current assets			
Amounts due from subsidiaries		**17,762,724**	18,294,975
Amounts due from related parties		**338,750**	—
Cash and bank balances		**2,232**	232,832
Total current assets		**18,103,706**	18,527,807
Total assets		**20,206,788**	20,790,272
EQUITY			
Equity attributable to owners of the Company			
Share capital		**15**	15
Share premium	(a)	**3,082,681**	3,082,681
Other reserves	(a)	**(2,857,907)**	(2,299,451)
Total equity		**224,789**	783,245

36 Balance sheet and reserve movements of the Company (continued)

Balance sheet of the Company (continued)

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
LIABILITIES		
Non-current liabilities		
Borrowings	**2,846,358**	9,882,385
Current liabilities		
Borrowings	**12,727,488**	8,882,870
Other payables	**312,694**	310,003
Amounts due to subsidiaries	**4,095,459**	921,809
Amounts due to related parties	**—**	9,960
Total current liabilities	**17,135,641**	10,124,642
Total liabilities	**19,981,999**	20,007,027
Total equity and liabilities	**20,206,788**	20,790,272

The balance sheet of the Company was approved and authorised for issue by the Board of Directors on 31 March 2023 and was signed on its behalf by:

Ou Zonghong
Director

Zhang Lixin
Director

36 Balance sheet and reserve movements of the Company (continued)

(a) Reserve movements of the Company

	Other reserves			
	Share premium RMB'000	Share-based compensation reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
For the year ended 31 December 2021				
At 1 January 2021	3,786,195	82,076	(2,263,674)	1,604,597
Loss for the year	—	—	(117,853)	(117,853)
Buy-back and cancellation of shares (Note 24)	(8,341)	—	—	(8,341)
Final dividend of 2020	(695,173)	—	—	(695,173)
At 31 December 2021	3,082,681	82,076	(2,381,527)	783,230
For the year ended 31 December 2022				
At 1 January 2022	**3,082,681**	**82,076**	**(2,381,527)**	**783,230**
Loss for the year	**—**	**—**	**(558,441)**	**(558,441)**
At 31 December 2022	**3,082,681**	**82,076**	**(2,939,968)**	**224,789**

37 Events After the Reporting Period

January 2023 Notes

Reference is made to the announcements of the Company dated 26 January 2023.

The 8.95% senior notes due 2023 (the "**January 2023 Notes**") in the aggregate principal amount of US$413,000,000 issued by the Company and listed on the Singapore Exchange Securities Trading Limited matured on 22 January 2023. The principal amount and the accrued and unpaid interest totalling US$431,481,750 became due and payable. As of the date of approval of the consolidated financial statements, the Company has not made such payment.

FIVE YEARS' FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2022 **RMB'000**	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	**30,059,292**	33,284,014	48,302,505	51,462,502	34,366,500
Profit for the year attributable to owners of the Company	**(11,234,836)**	1,295,049	2,428,123	3,154,064	2,149,660

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2022 **RMB'000**	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Non-current assets	**20,475,253**	27,572,230	28,889,651	22,718,069	22,975,326
Current assets	**168,757,099**	217,867,609	204,359,136	191,489,969	180,468,552
Total assets	**189,232,352**	245,439,839	233,248,787	214,208,038	203,443,878
Non-current liabilities	**23,911,017**	35,878,011	48,852,073	46,512,847	40,155,088
Current liabilities	**134,686,816**	157,280,878	133,737,711	126,406,961	127,670,432
Total liabilities	**158,597,833**	193,158,889	182,589,784	172,919,808	167,825,520
Total equity	**30,634,519**	52,280,950	50,659,003	41,288,230	35,618,358
Total equity attributable to shareholders of the Company	**6,186,962**	18,304,598	17,713,063	16,405,865	12,754,828